

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

MONTHLY MEETING

TRANSCRIPT OF PROCEEDINGS

Sacramento City Hall

915 I Street, City Council Chambers

Sacramento, California 95814

Thursday, June 6, 2013

9:11 a.m.

BRITTANY FLORES

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A P P E A R A N C E S

BOARD MEMBERS

Mr. Dan Richard, Chairman

Mr. Jim Hartnett, Vice-Chair

Mr. Tom Richards, Vice-Chair

Ms. Katherine Perez-Estolano

Mr. Michael Rossi

Ms. Lynn Schenk

Mr. Thomas Umberg

STAFF

Ms. Janet Lane, Board Secretary

ALSO PRESENT

Mr. Jeff Morales, CEO

Mr. Thomas Fellenz, Esq., Legal Counsel

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I N D E X

Page

Public comment

5

Item 1, Board Policy Amendments

33

Item 2, Proposal to Delegate Authority

to the CEO to Negotiate Final Terms of the

Design/Build Contract for Construction Package 1

39

Item 3, Proposal to Amend the Memorandum of

Understanding with the San Joaquin Regional Rail

Commission

87

Item 4, Proposal to Adopt an Unsolicited Proposals

Policy

93

Item 5, Status Report on the Northern California

Rail Partners MOU

113

Item 6, Closed Session Pertaining to Litigation

118

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1 SACRAMENTO, CALIFORNIA, June 6, 2013

2 9:11 a.m.

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6 CHAIRMAN RICHARD: Good morning. This
7 meeting of the California High-Speed Rail Authority will
8 come to order.

9 Will the secretary please call the roll.

10 MS. LANE: Vice-Chair Schenk.

11 MS. SCHENK: Here.

12 MS. LANE: Vice-Chair Richards.

13 MR. RICHARDS: Here.

14 MS. LANE: Mr. Umberg.

15 MR. UMBERG: Here.

16 MS. LANE: Mr. Hartnett.

17 MR. HARTNETT: Here.

18 MS. LANE: Mr. Rossi.

19 MR. ROSSI: Here.

20 MS. LANE: Ms. Perez-Estolano.

21 MS. PEREZ-ESTOLANO: Here.

22 MS. LANE: Chairman Richard.

23 CHAIRMAN RICHARD: Here.

24 Mr. Umberg, will you lead us in the Pledge of
25 Allegiance.

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(Pledge of Allegiance recited.)

CHAIRMAN RICHARD: Thank you. Before we start, I'd like to announce for those who didn't get this message, that yesterday, Speaker John Perez, the Speaker of the Assembly, made one of his appointments to the High-Speed Rail Authority board. Mr. Patrick Henning, Sr., who has had a long and distinguished public career as a labor leader, as a community person involved in this community, and I spoke with Mr. Henning yesterday. He is delighted to be joining this board, and he was just appointed yesterday. He had some family obligations today, but he's looking forward to joining all of us. So we thank the Speaker for that appointment, and it helps us fill out the complement on this board as we move into a very important phase of building this high-speed rail project.

So we'll start with the first item today of public comment and as we always do, the comments -- people will be speaking in the order in which the comment cards were received except that we afford our elected officials the opportunity to speak first. So I pull their cards out.

First up is supervisor from Fresno County, Henry

1 Perea.

2 Supervisor Perea, welcome.

3 MR. PEREA: Thank you, Mr. Chairman, members
4 of the Authority. Again, Fresno is here to stand with
5 you and work with you in every way that we can to make
6 this project happen. I'd like to thank Diana Gomez, who
7 works in the Valley. She does great work every day and
8 responds very quickly to all of our needs. So our
9 position is we're ready to go. We'd here today to
10 support you on a very important item that you have. We
11 have a lot of important items, but certainly moving the
12 first construction plan forward, and we support it. And
13 as always, we close with, we're ready to go on the
14 maintenance facility. Thank you.

15 CHAIRMAN RICHARD: Thank you, Supervisor.

16 Next, Supervisor John Pedrozo from Merced County.

17 MR. PEDROZO: Good morning, Chair Richard,
18 members of the board. I'm John Pedrozo, Supervisor for
19 Merced County. I'm also a board member of Merced County
20 Association of Government, Chairman of the new San
21 Joaquin Joint Powers Authority, and a long-time
22 supporter of high-speed rail.

23 The improvement of the Altamont Corridor Express
24 service and its expansion to Merced provides a critical
25 rail connection to high-speed rail in Merced. It's part

1 of the blended service for northern California.
2 Bringing the Altamont Corridor Express to Merced by 2022
3 is important to the success of high-speed rail's initial
4 operating segment between southern California and
5 Merced. To provide this key conductivity to high-speed
6 rail, planning for the improvement and expansion of the
7 Altamont Corridor Express must begin now. I strongly
8 support your Agenda Item Number 3. Representing the
9 Merced region, I ask that you take an action on the
10 Agenda Item 3 and turn over planning responsibility in
11 the Altamont Corridor and funding allocated to the
12 Altamont Corridor to the San Joaquin Regional Rail
13 Commission. Thank you for the opportunity to speak.

14 CHAIRMAN RICHARD: Thank you, Supervisor.
15 We certainly appreciate your being here today.

16 Next, I'd like to welcome Supervisor Vito Chiesa
17 from Stanislaus County.

18 Good morning, sir. I hope I didn't butcher your
19 name.

20 MR. CHIESA: It's Chiesa, and you didn't
21 butcher it.

22 Thank you, Mr. Chairman, fellow members, Mr.
23 Morales, for the opportunity to be here. Again, I'm the
24 Supervisor of Stanislaus County. I sit on the COG. I
25 also sit on the San Joaquin Joint Powers Authority. I'm

1 here also to speak in favor of Item 3. I think it was
2 Item 5 originally -- Item 3 on the ACE commuter train.
3 I think it's opportunity to close another gap in the
4 system. I -- to tell you how important it is to
5 Stanislaus County because high-speed rail being Merced
6 south, for the time being, and potentially go around us,
7 this is the opportunity to close the gap. It's
8 important to Stanislaus County and Merced County to get
9 the folks north and south, but how important it is? I
10 drove 75 miles to come here for all of a hundred and 20
11 seconds. So I appreciate your consideration on this
12 going forward and look forward to working with you in
13 the future. Thank you.

14 CHAIRMAN RICHARD: Thank you, Supervisor.
15 We appreciate -- we appreciate the opportunity to work
16 together on this.

17 Next, is Sacramento City Council member, Steve
18 Cohn.

19 MR. COHN: Well, good morning and welcome
20 back to our council chambers. It looks like we need to
21 change that photo. I don't see in, the entertainment
22 and sports center in the background. So we'll get you
23 an updated photo but --

24 CHAIRMAN RICHARD: That sort of depends on
25 leadership issues in Sacramento, doesn't it?

1 MR. COHN: I'm here on behalf of Sacramento
2 Regional Transit, San Joaquin JPA, Capital Corridor JPA,
3 of which I'm a member, but also, in particular, on
4 behalf of our twenty-agency Central Valley Rail working
5 group and also here to support, as you heard from the
6 supervisors just now, the staff proposed amendment to
7 the MOU with the San Joaquin Regional Rail Commission to
8 transfer leadership and funding for the Altamont
9 Corridor funding to the San Joaquin Rail Commission. So
10 that's Agenda Item 3. We appreciate the work that we
11 have been doing with your staff, work by Mr. Morales,
12 and feel that this proposed MOU change is the best way
13 to move forward with the, the corridor. So we ask for
14 an "aye" vote on that item. Thank you very much.

15 CHAIRMAN RICHARD: Mr. Cohn, Since you and I
16 go back about 35 years together, I was going to ask, are
17 you going to serve on this JPB, because that may
18 influence how I vote?

19 MR. COHN: Well, I understand I can't do
20 that while I'm a council member, so we might need to do
21 something to change that. I would certainly welcome
22 that at some point. So thank you very much, and it has
23 been 35 years. Hard to believe.

24 CHAIRMAN RICHARD: Yeah. Next speaker is
25 representing State Senator Cathleen Galgiani. It's Tom

1 Larsen.

2 Mr. Larsen, good morning. Welcome.

3 MR. LARSEN: Good morning. I'm Thomas
4 Larsen. I'm deputy chief of staff for State Senator
5 Cathleen Galgiani. She couldn't be here. She wanted to
6 apologize for that as we all know how important this
7 project is to her, but her State Senate duties are
8 calling her to be on the floor right now to deal with --
9 among other things -- the budget.

10 I did want to -- I have copies here -- I did want
11 to read into the record a letter of support from the
12 Senator on Agenda Item Number 3, and I'll try to get it
13 done in a minute.

14 The Senator is pleased to offer her strong
15 support for the California High-Speed Rail Authority
16 amending the MOU with the San Joaquin Rail Commission to
17 transfer leadership and funding for the Altamont
18 Corridor planning for the SJRC, and she asked that you
19 take action on this item today by voting to approve that
20 particular item. As we all know, the Altamont \$10
21 billion bond measure, which provides State funding to
22 implement high-speed rail in California. She has
23 championed the high-speed rail leadership for many
24 years. In 2008, as part of the Bay Area to Central
25 Valley Program EIR/EIS, the High-Speed Rail Authority

1 made a commitment to project development for improvement
2 in the Altamont Corridor. These improvements are to
3 provide a regional rail connection between northern San
4 Joaquin Valley and the Bay Area, which will complement
5 the state-wide high-speed rail system. Your commitment
6 to the Altamont Corridor is critical to both the passage
7 of Prop 1-A in 2008 and to the passage of Senate Bill
8 1029 last year, which also requires the use of State and
9 Federal funds for the first successful segment of the
10 high-speed rail system. The allocation of three -- 36.4
11 million SB 1029 to the Altamont Corridor was to help
12 fill that commitment made by the -- this authority.
13 Providing resource to allocate -- allocated to Altamont
14 Corridor to the SJRC to lead a planning and
15 environmental work needed for the near-term improvements
16 of the existing ACE service and to expand ACE to the
17 initial operating segment of high-speed rail system in
18 Merced supports your 2012 business plan and phase
19 implementation of the high-speed rail.

20 So she wants to congratulate you on your progress
21 and looks forward to working with you to implement the
22 world-class, statewide high-speed rail network that will
23 benefit everyone.

24 I thank you, guys, for your time. I have to get
25 this official copy signed, and I'll come back and give

1 it to you. Thank you, guys, for your time.

2 CHAIRMAN RICHARD: Thank you. It's nice to
3 see you. Please convey our best wishes to the Senator.

4 MS. PEREZ-ESTOLANO: And I just wanted to
5 offer, yesterday, I had the chance to sit with the
6 Senator and just get an update, and I appreciate her
7 taking the time on a very, very busy day, week and you,
8 too, taking the time. Thank you very much for that.

9 CHAIRMAN RICHARD: Thank you. All right.
10 That's the last card I have from any public
11 official who would speak.

12 I do want to recognize, we're joined this morning
13 by the Mayor of Anaheim -- council member -- should be
14 the mayor.

15 Anyway, good morning. All right. Then we'll
16 take our regular order of public speakers. First, will
17 be David Kustrosky from the Capitol Corridor JPB
18 followed by David Schwegel and Stacey Mortensen.

19 Good morning.

20 MR. KUSTROSKY: Good morning, Chair Richard,
21 members of the Authority. My name is David Kustrosky.
22 I'm Director of Capitol Corridor Joint Powers Authority.
23 I'm speaking on behalf of Item Number 5 regarding the
24 northern California partners MOU. I'm here in support
25 of this. We have been working with your staff over the

1 last year, and I am also the facilitator for this
2 northern California blended service plan.

3 I want to thank you for brining us all
4 together -- us, being the member agencies -- that are
5 supportive of this effort. For the first time ever, we
6 have consolidated a schedule that we have developed,
7 which means that we'll be able to provide a more
8 efficient and effective service to tie in with your
9 phased implementation, includes coordination with the
10 Caltrain electrified modernized program as well as your
11 initial operating segment and will support service
12 expansion plans as we go forward, because we know, when
13 your service come on board, we can't have our existing
14 services. We're going to need to grow to be able to
15 support and distribute the passengers that are going to
16 be using our services. We have been actively involved
17 in the feasibility of this, and it shows great promise
18 not only for your service but as well as ours. So it's
19 a win-win situation, and we appreciate the opportunity
20 that you have been able to provided to us. We're
21 committed to make this a customer interface part of
22 excellent. We're going to have e-ticketing, we're going
23 to have Wi-Fi on our trains. We're going to make sure
24 everything is available to make this a convenient and
25 affordable and a well-utilized service. So on behalf of

1 the Capitol Corridor JPA, thank you very much for the
2 opportunity to present. I recommend your support on
3 Item Number 5. Thank you.

4 CHAIRMAN RICHARD: Thank you, Mr. Kutrosky.

5 And continued congratulates on the ever-growing
6 success of the Capitol Corridor.

7 David Schwegel followed by Stacey Mortensen.

8 Good morning.

9 MR. SCHWEGEL: Good morning, fellow leaders.
10 David Schwegel, thanking you for your courageous
11 leadership that's connecting American to what UIT's
12 Jeanine Pierre calls HSR, the world's largest
13 infrastructure project. USHSR advisory board chair Ron
14 Deregon notes how connecting LA and San Francisco via
15 HSR has longed for courageous leadership since the '50s,
16 and you are that courageous leadership.

17 We can make great traction with taxpayers who are
18 skeptical of massive infrastructure endeavors by, first
19 off, empathizing that we recognize that that \$24 million
20 Boston Big Dig and the \$6.4 billion Bay Bridge may not
21 have met their financial targets, but then focus the
22 conversation on the tremendous track record for success
23 with California transit projects. Specifically, the
24 Capital Corridor and LA Metro were identified among
25 success stories in the ASCE national infrastructure

1 report card that came out last March.

2 We also want to emphasize the tremendous cost
3 effectiveness of the project. For 2.5 times the cost of
4 the Boston Big Dig, we're getting mobility, economic and
5 environmental benefits across our entire state. We are,
6 indeed, off to a great start with the apparent best
7 value proposer coming in way below the engineer's
8 estimate. Now let's hold them accountable for zero
9 change orders and enjoy the taxpayers trust restoration
10 among the many benefits. Thank you.

11 CHAIRMAN RICHARD: Thank you, Mr. Schwegel.
12 Stacey Mortensen.

13 MS. MORTENSEN: Mr. Chair, members of the
14 board, I'm here today on behalf of the San Joaquin
15 Regional Rail Commission, and the ACE service as well as
16 some other Valley initiatives. I would like to urge you
17 to support for items 3 and 5. I think they represent a
18 new era for you in the last 18 months of partnering with
19 regional and local agencies to deliver this very
20 complicated program, and so I think these MOUs
21 demonstrate that you have reached down into the
22 communities to help deliver this very complex rail
23 system as well as connecting with the services that are
24 going to help make your services a success. I would
25 like to thank your staff Ben Tripousis, Tom Fellenz,

1 Jeff Morales, Diana Gomez, who has had a little bit of
2 overlap in the Valley. They have been very good
3 troopers for you and reaching out to the communities and
4 forging those partnerships that will be needed to
5 deliver this program. So I urge your support and thank
6 you very much.

7 CHAIRMAN RICHARD: Thank you very much,
8 Ms. Mortensen.

9 Robert Allen followed by Ted Heart.

10 Good morning, Bob.

11 MR. ALLEN: I urge you to say "no" to
12 blended rail and I've given you a reason -- some of the
13 reasons -- it is hazardous. It's prone to severe train
14 delays. It's not safe. It's not reliable, and yet the
15 bond issue was for a safe, reliable high-speed passenger
16 train. There is a better way, and the better way is to
17 improve the State route north of Santa Clara that Amtrak
18 uses. It would be much less costly. It will serve more
19 people better, to make the Mulford line and go to a
20 joint BART high-speed rail station in west Oakland.
21 I would call it -- because of the terminology history, I
22 would call it the San Francisco Bay Rail Hub where BART
23 passes over the UP Amtrak line. It's about a quarter of
24 a mile, half mile north of west Oakland station. And I
25 would urge that you consider doing away -- working with

1 BART to do away with the west Oakland BART station.
2 Move it about half a mile north to where BART crosses
3 over the UP line. Make a joint station there at the
4 freeway interchange and Interstate 880 and state
5 route -- and 7th Street in Oakland. Thank you.

6 CHAIRMAN RICHARD: Thank you, Mr. Allen.

7 Ted Heart.

8 MR. HEART: Good morning, Chair Richard and
9 board members. My name is Ted Heart. I'm going to
10 speak on Item 2, and I have addressed you many times in
11 the past two and a half years, but I'd like to talk to
12 you in a little different capacity today. Sixty years
13 in the construction industry with the last thirty years
14 as a recognized expert in construction defect
15 litigation. Before you delegate the authority, the CEO,
16 to negotiate the final terms of the contract
17 Construction Package 1, you should consider the
18 following: How thorough is the vetting of Tudor Perini?
19 I question the procedure and selection of the
20 contractor. You should focus carefully on Tudor
21 Perini's involvement in litigation for the Argent Hotel,
22 Las Vegas owned by MGM Resorts International. I'm sure
23 you're aware of what's going on.

24 I'm not here to offer any expert opinions
25 concerning the lawsuit but it brings up many questions

1 and concerns. This is a \$500 million case with an
2 actual cost of construction of \$275 million, a 26-story
3 unfinished building the owner intends to demolish
4 because of the -- they believe it to be unsafe. The
5 Nevada Supreme Court heard a part of the case Tuesday
6 and are expected to provide a ruling quickly. The point
7 is, the courts will make a ruling, and are you
8 comfortable moving forward right now with this
9 contractor exposed to the possibility of a multi-million
10 dollar lawsuit? If the case is settled, all information
11 will be sealed as part of the settlement. We'll never
12 know who may or may not have been responsible for the
13 construction defects. With these unknowns, the
14 responsible action of the Board should be to stop all
15 negotiations with Tudor Perini until this lawsuit is
16 concluded. Thank you very much for your time.

17 CHAIRMAN RICHARD: Thank you, sir.

18 Next, will be Mike Wylie from Sacramento Regional
19 Transit followed by Mayor John Marchand, who just
20 arrived, with the City of Livermore.

21 MR. WYLIE: Good morning, Chair Richard,
22 members of the board, and welcome to Sacramento. I'm
23 here to urge your support for Item Number 3. Regional
24 transit has been working very, very closely with our
25 partners throughout the Valley to expedite delivery of

1 the blended service plan to all of northern California.
2 Taking this step today will expedite the delivery to a
3 portion of northern California, and we continue to work
4 with your staff to look at various options to expedite
5 delivery of the blended plan here in Sacramento as well.
6 So on that basis and all of the work, we support your
7 action of Agenda Item Number 3. Thank you.

8 CHAIRMAN RICHARD: Thank you very much, sir,
9 Mayor Marchand.

10 Good morning, sir.

11 MR. MARCHAND: Good morning. Good morning
12 Chairman Richard and members of the Authority. I'm
13 Mayor John Marchand from the City of Livermore. I'm
14 speaking in favor of Item Number 3. I represent the
15 Tri-Valley Regional Rail Policy working group, which the
16 Authority appointed to the Altamont Corridor working
17 group. We have been following high-speed rail and
18 Altamont Corridor rail projects with interest over the
19 last few years. We are pleased that the Authority is
20 looking to deliver high-speed rail service in a lower
21 cost by connecting to existing transit systems. The
22 primary connecting service to the San Francisco, Bay
23 Area is BART. By connecting the high-speed -- or the
24 Altamont Corridor rail project to BART in the
25 tri-valley, the high-speed rail project will be able to

1 deliver efficient service to the entire Bay Area via
2 BART with 44 stations including Oakland, Oakland
3 Airport, and many others in communities and job centers
4 throughout the east Bay Area.

5 I would request that the environmental analysis
6 include an alternative that would extend a sur-track to
7 meet BART at State Route 84 or the existing
8 Dublin/Pleasanton BART stations.

9 I fully support the proposed transfer of
10 leadership and funding for Altamont Corridor way to the
11 San Joaquin Regional Rail Commission. We have enjoyed a
12 successful partnership with them in the past and look
13 forward to continued success. Thank you for taking my
14 comments.

15 CHAIRMAN RICHARD: Thank you, Mayor.

16 Next is Alec Cavagnaro followed by Roman Aguirre,
17 I believe it is.

18 MR. CAVAGNARO: We're both speaking. We'd
19 like to say that we're excited for this. Our high
20 school has a class called "Train Works," and we're
21 learning about the high-speed rail and what it would do.
22 So through that, we're able to -- I have family members
23 who were a bit skeptical, and I was able to talk to
24 them, give them the pluses, and some doubts that haven't
25 been addressed. And it's just -- it's a cool

1 opportunity to think that we'd be able to travel all the
2 way around California through high-speed rail with less
3 pollution than all the cars on the freeway.

4 MR. AGUIRRE: And I also feel it would be a
5 great idea to have the high-speed rail throughout
6 California combining all of California together. And I
7 was looking on your guy's -- on the website and the
8 travel times between Los Angeles and San Francisco.
9 It's, like, two hours. By car, it's more than that and
10 also more pollution. I feel like there would be more
11 jobs with the construction of the entire project, and we
12 will have maintaining the jobs of the rail and the
13 buildings.

14 CHAIRMAN RICHARD: Thank you. I'm going to
15 say, gentlemen, I see you're from Venture Academy in
16 Stockton. Thank you very much for coming up here, and I
17 will tell you that we're building this system for you
18 and your colleagues and your kids in the next
19 generation. So some of us hope that we'll actually be
20 able to ride this thing whether or not it gets built.
21 In any case, thank you very much for coming up and
22 expressing your views on that. Appreciate it.

23 MS. SCHENK: It is not our custom to comment
24 on public comment. We usually are here to listen, but I
25 would say that I'm very proud of you for coming up here

1 saying this, and I strongly urge you to stay involved
2 because, as our Chairman says, this is all about you.

3 MS. PEREZ-ESTOLANO: I have a quick
4 question. Was this a class project, or is this
5 something that you initiated?

6 MR. AGUIREE: The Train Works is an elective
7 that our teachers put together about the high-speed rail
8 project.

9 MS. PEREZ-ESTOLANO: It's very cool. I'm
10 glad to hear that's happening. Thank you.

11 CHAIRMAN RICHARD: Thank you, gentlemen.

12 Diana LaCome from APAC followed by Ross Browning.
13 Good morning.

14 MS. LACOME: Good morning, Chairman Richard,
15 members of the board. As everyone is thanking the
16 high-speed rail today, I thought I'd also throw in our
17 support and let you know that APAC is in full support of
18 the high-speed rail as long as you fulfill your
19 commitment of 30 percent to the small DBE and DVBE goal,
20 and it's nothing new. You have heard me say this time
21 and time again.

22 Second, is, on the Project Labor Agreement, we
23 have heard that, through the grapevine, of course, that
24 you may be modifying an existing contract of a
25 consultant to actually perform the Project Labor

1 Agreement objectives, and all I can say is that we hope
2 that you hire an independent consultant to do it, not an
3 existing one, because I think existing consultants hold
4 with them either a pro or a con, you know, type of
5 baggage. So that is our recommendation. Thank you.

6 CHAIRMAN RICHARD: Thank you, Ms. LaCome.

7 Mr. Browning followed by Karen Stout.

8 Good morning.

9 MR. BROWNING: Good morning, Mr. Chairman,
10 board members. I'd like to call your attention to a
11 couple of small items. I'm beginning to misread that
12 June 3rd, the board agenda item has not been revised or
13 updated on the website. Additional documentation, which
14 is usually available, also was not there. When a call
15 was made to the High-Speed Rail Authority office, we
16 were told that -- let me get it right here -- that the
17 board members were just emailed the final additional
18 documents this morning, and it should be on the website
19 later that day.

20 Well, I'd like to call your -- why is this
21 important? Well, it's important because when we live
22 two hundred miles from here and you have got a lot of
23 plans to make, you know, you got a life to change, and
24 we'd like to know a little bit in advance rather than
25 last minute. I want to paraphrase a couple of items

1 from the Bagley-Keene Act also known as the Bagley Keene
2 Open Meeting Act. Number one, agendas of public
3 meetings and other items will be distributed to all or
4 the majority of all of the members of the State body by
5 any person in connection with that matter of subject to
6 discussion or consideration to the public meeting of the
7 body as you remain available upon request and without
8 delay. That means at the same time you get it, it
9 should be on the website.

10 Number two, writings that are public records
11 under Subdivision A and that are distributed to members
12 of the State body prior to or during a meet pertaining
13 to any item to be considered during that meeting, shall
14 be made available for public inspection at the meeting
15 if prepared by the State body or a member of the State
16 body or after the meeting if prepared by some other
17 body. I was surprised to find this. All of the things
18 that people turn in should be made available to us
19 without delay on the website. I'm not sure that that's
20 been done.

21 Lastly, each member of the State body who attends
22 a meeting of that body in violation of any provision of
23 this article and where the member's intent is to deprive
24 the public information to which the member knows or has
25 reason to know the public is entitled under this article

1 is guilty of a misdemeanor. I'm surprised by those last
2 two items.

3 So knowing that you want to do the right thing,
4 you want to always abide by the law and be as
5 transparent as you can, I would urge you to get the
6 things on the website as quickly as possible and
7 possibility ask your staff or inform your staff of the
8 requirements of the Bagley-Keene Act.

9 CHAIRMAN RICHARD: Thank you, Mr. Browning.
10 Ms. Stout, good morning.

11 MS. STOUT: Good morning. My name is Karen
12 Stout, and I'm a member CCHSRA, and I live in Kings
13 County and a farmer there. I'm going to address the
14 Board about Tudor Perini's financial situation, and I
15 will refer to them as TP from now on.

16 There have been negative material changes in TP's
17 financial condition. According to the Authority's
18 guidelines, there are several examples of material
19 change. TP preparation has three of these changes. Any
20 one of these changes would be grounds to disqualify TP
21 from being granted the bid or even your accepting their
22 bid for Construction Pack 1.

23 First example is that more than five percent of
24 the equity value right off, TP took a before-tax charge
25 of \$355 million for goodwill in 2002 and failed to

1 perform as expected. This is a reduction of about 25
2 percent of the shareholders' equity. The second
3 material change is a waiver of bank covenant. In
4 conjunction with the amendment, TP obtained a waiver of
5 client with covenant of this credit agreement for a
6 period ending in June 30th, 2012 as the company would
7 have been out of compliance with certain ratios due to
8 the environment charges, current debt levels, and lower
9 than expected income from operations. The third
10 material change is a downgrade in September of 2012. TP
11 was downgraded to a lower junk bond rating because of
12 the insufficient materials -- insufficient deterioration
13 of its liquidity position. TP's balance sheet has gone
14 from pristine to highly indebted over the past five
15 years as a result of serious -- a series of acquisitions
16 and negative liquidity cash flow. Liquidity is going
17 down and debt is going up.

18 Board, I urge you that the red flags are flying,
19 that all these bidders made formal certifications, that
20 their lack of material changes -- about their lack of
21 material changes from when they were first accepted.
22 They should no longer be eligible for Construction Pack
23 Number 1.

24 CHAIRMAN RICHARD: Thank you, Ms. Stout.

25 Frank Oliveira followed by our last speaker card,

1 Mark Kyle.

2 MR. OLIVEIRA: My name is Frank Oliveira.
3 I'm with the Citizens of California High-Speed Rail
4 Accountability. The first issue is that I received an
5 email while I was waiting to speak from CARD. They
6 emailed you materials pertaining to Tudor Perini's
7 financial situation. They ask that you read that before
8 you make a decision pertaining to what I have to say.

9 On April 15th, 1912, about a quarter after
10 midnight at 41.7 -- 46 north, 50.24 west, in the cold,
11 dark night, high tech, expensive dreams mixed with poor
12 planning, and horrible management decisions equalled one
13 of the best known preventable transportation disasters
14 in the industrial age. Lives were lost, expensive
15 assets destroyed, fortunes forfeited, and corporations
16 went out of business.

17 How does that affect you? You are the
18 Authority's board, and you about to become complacent in
19 an illegal act by giving your CEO the only real
20 decision-making power over who gets awarded the
21 contracts in Construction Package 1 by ignoring your own
22 resolution, HSRA 12-04 and the rules of the PSC. Those
23 rules require your full board to approve such change
24 prior to such decision not after them.

25 Last September, Tudor Perini lost its investment

1 rating, which is required to be a bidder. Tudor
2 Perini's financial problems should have disqualified
3 them, but even with all that, the lowest bidder, and the
4 lowest bidder technical score, somehow Tudor Perini won
5 the Authority's contract bid process.

6 Item 2 of the agenda for this meeting includes
7 the words concurrence to allow the CEO to execute a
8 design build contract. On pages 13 and 14 of the
9 Authority's STB petition for exemption, you, the
10 Authority, asked the STB to make an expedited ruling by
11 June 17th, so the Authority may award contracts on
12 design and construction of the 29-mile segment of the
13 Merced to Fresno section in the spring or summer of
14 2013. It appears the Authority was suggesting to STB,
15 it would not execute a construction contract until the
16 STB ruled. In light of what the Authority represented
17 to the STB, do you think it would be wise or prudent for
18 you to authorize the CEO to execute this contract before
19 that date? It seems that you are acting in bad faith
20 after the representation your attorneys made to the STB.

21 The southern end of the EIS for the Merced to
22 Fresno section is at a location where the station is to
23 be built in Fresno. The environmental document is final
24 for that section. In contrast, the northern end of the
25 EIS for the Fresno Bakersfield section begins at that

1 station location in Fresno proceeding south to
2 Bakersfield. The EIS is not complete, and the final is
3 not expected until this fall. From the scope of work in
4 the Request for Proposal for construction at
5 Construction Package 1, we see that the southern end of
6 the CP-1 is at American Avenue. On the west side is the
7 BNSF track. Therefore, southern four or five miles of
8 CP-1 is not located within the Merced to Fresno EIS. It
9 is the location within Fresno Bakersfield EIS for an
10 environmental -- for which an environment review is not
11 yet complete. How can you authorize execution of a
12 construction project that includes a section for which
13 the environmental review is not complete?

14 We think you're stepping into troublesome legal
15 grounds. Pursuant to Prop 1-A, you cannot spend or
16 construct -- spend any construction-related money until
17 you have filed your second updated funding plan. You
18 have not done that yet. Under the FRA agreements, you
19 cannot spend or obligate funds until you have written
20 consent and detailed agreements from the UP and BNSF.
21 That's also pursuant to the agreements.

22 CHAIRMAN RICHARD: Mr. Oliveira, can I just
23 stop you for one second.

24 MR. OLIVEIRA: Yes, sir.

25 CHAIRMAN RICHARD: I note you and your

1 colleagues come a long way, and so I'm pretty liberal
2 about this. What I want to say to you is we have a
3 letter on this specific topic from Council Gary Patton,
4 who represents certain interests, and I think you know
5 them. So what I would just ask you is -- I'm not trying
6 to cut off your provision of this information to the
7 Board. I just want to be fair in terms of the general
8 level of comment that we give. So what I'd ask is that
9 if you can try to wrap up quickly, and I want to assure
10 you that the matter that you're raising, I'm not trying
11 to cut that off from today, because Mr. Patton has
12 raised these very issues. They are before the board, so
13 I can make reference to them in that respect.

14 MR. OLIVEIRA: Thank you. I'll shorten
15 this.

16 CHAIRMAN RICHARD: Okay.

17 MR. OLIVEIRA: On April 14th, twenty --
18 1912, about an hour before the RMS Titanic's collision
19 with an iceberg, a ship named the California messaged
20 the Titanic, "we're stopped and surrounded by ice." The
21 response from the Titanic was, "Shut up. I'm busy. I'm
22 working with Cape Race." Cape Race was another ship.
23 Whatever conversation the Titanic's radio operator was
24 having with Cape Race could not have been as pressing as
25 the California's warning. Yet the threat of ice ahead

1 was brushed off. You know how this eventful night
2 ended.

3 Will you brush the public's cautions off today?

4 It wasn't just the Titanic's radio operator who
5 discounted the danger. It was the Captain, too.

6 Captain Smith was unconcerned about icebergs.

7 Management and staff in denial, costly management
8 decisions, will you also make costly management
9 decisions without acknowledging these completely
10 discoverable unacceptable risks?

11 Not doing your due diligence has risks. This is
12 the first billion dollar contract in the largest
13 transportation project in the UP. Have you really done
14 your due diligence on the contractor and your process?
15 Are you ready to commit to a contractor who is the least
16 qualified and least likely contractor to succeed of
17 those that were reviewed; a contractor who appears to be
18 known for poor and possibly unsafe projects, who appears
19 not adequately funded to succeed, a contractor who is
20 currently involved in litigation about his work product,
21 who was selected by a process that appears to have been
22 modified to the contractor's benefit? Your bid process
23 and your contractors selection is full of icebergs. Are
24 you going to heed the California's warning, or will you
25 arrive at 41.46 north, 50.24 west at the wrong moment in

1 time just like Captain Smith and the Titanic? As you
2 know, the Titanic sank, and Captain Smith died with many
3 others.

4 Do not do this today. You do not have to. Make
5 sure your staff has given you and the public all the
6 facts. If they have not, get new staff. Thank you.

7 CHAIRMAN RICHARD: Okay. Thank you,
8 Mr. Oliveira.

9 Mark Kyle.

10 MR. KYLE: Good morning, Chair Richard and
11 members of the board. My name is Mark Kyle. I
12 represent Operating Engineers Local Union Number 3. We
13 represent approximately 24,000 working men and women
14 here in northern California along with their families.
15 I'd like to address Item Number 2 and say that, for
16 the record, we're in favor of the staff proposal.
17 Thousands of our members live in the Central Valley, and
18 I recently had the opportunity to spend some time down
19 in Fresno working on election, get-out-the-vote efforts
20 for two special elections that occurred within the last
21 month, so I was there just earlier this week and last
22 month. And rather than refer to historical analogy, I
23 want to talk about real world, what's going on today,
24 and right now in Fresno, there are people there, double
25 digit inflation, over 12 percent. There were boarded up

1 schools, bordered up homes, boarded up churches,
2 bordered up factories. Fresno is a mess, and the one
3 thing I heard consistently from everyone I came in
4 contact with was they want jobs and they want jobs now,
5 and this project represents an opportunity that Fresno's
6 ready to embrace, that our members are ready to embrace
7 up and down the Central Valley here in northern
8 California. We would implore you to vote in favor of
9 the staff proposal on Item Number 2, and we would
10 implore you to move expeditiously on this project.
11 Let's start building this. Let's move the project
12 forward, and let's put people back to work. Improve
13 transit in the Central Valley and improve air quality in
14 the Central Valley and build something great and
15 wonderful in this state.

16 CHAIRMAN RICHARD: Thank you very much, Mr.
17 Kyle.

18 Okay. With that, we have come to the end of the
19 public comment period, and we will move through our
20 agenda.

21 The first item on the agenda is probably
22 mis-titled but basically, every year, we come to the end
23 of terms for officers. We dealt with one part of that
24 in February, and at this point, the issue of the
25 vice-chair position for the board is before us. So I

1 know that both Vice-Chair Schenk and Vice-Chair Richards
2 have served with distinction in the last year, and I
3 think it's a question for the pleasure of the board how
4 we proceed with this organizational issue.

5 Vice-Chair Schenk, yes.

6 MS. SCHENK: Thank you, Mr. Chairman. Yes,
7 as pointed out, we have had a policy for several years
8 of having term limits on the vice-chair position, and I
9 have served my term. Although policies are meant to be
10 adjusted and flexible to suit the needs of the
11 organization, the position of vice-chair is quite
12 important as part of the executive team, and since we
13 now have a pretty clear picture of where the activity is
14 going to take place for high-speed rail, that is, in the
15 Bay Area and, of course, the Central Valley, I would
16 like to put forth for consideration that we continue
17 Mr. Richards as a vice-chair and that we select
18 Mr. Hartnett, Member Hartnett, as a second or additional
19 or equal vice-chair to be able to participate as fully
20 as possible in these areas.

21 Just as a point of personal -- mine goes to those
22 who are perhaps new to the issue that when we adopted
23 the statewide alignment in 2005, much to my dismay, the
24 San Diego Los Angeles corridor was put into phase two,
25 because at that time, the San Francisco business

1 community was less than enthusiastic even though this
2 was Amtrak's second busiest corridor in the nation and
3 had been for many, many years, and so since San Diego
4 and Los Angeles is in phase two, it doesn't, of course,
5 lessen my enthusiasm and passion about high-speed rail,
6 but it certainly practically points out that we ought to
7 have members as vice-chair who are active in the areas
8 of the corridor.

9 So if I may, I'd like to make a motion that we
10 select Member Hartnett and Member Richards as the
11 vice-chairs for the coming year.

12 CHAIRMAN RICHARD: Thank you, Ms. Schenk.

13 Mr. Umberg.

14 MR. UMBERG: Thank you, Mr. Chair, and thank
15 you, Vice-Chair Schenk for your service, dedicated,
16 longstanding. You've been given the moniker of "the
17 Mother of High-Speed Rail," and it's well-deserved. You
18 have been laboring at this for so many years and done a
19 fantastic job being the voice of high-speed rail
20 particularly in San Diego and southern California. So
21 thank you for your longstanding service, and I'd like to
22 second the nomination with respect to Mr. Richards and
23 Mr. Hartnett. I don't think anyone understands, other
24 than some of the board members, how much time and energy
25 it takes to fulfill the responsibilities. I think if

1 you divided the \$100 a month that we get, it comes out
2 to about three cents an hour.

3 Mr. Richards has been in an area which is
4 obviously of great interest and focus for high-speed
5 rail and done an absolutely extraordinary job exuding
6 the diplomatic talents of -- I'm not sure who quite
7 equals your abilities in the Central Valley, and I think
8 it would be a great service, and it would be a great
9 gift to both the Authority as well as California if
10 Mr. Richard would continue to serve.

11 And likewise, Mr. Hartnett has also demonstrated
12 incredible acumen in the peninsula. We have had some
13 challenges in the peninsula, and Mr. Hartnett has done
14 an absolutely phenomenal job in bringing sites together
15 that we thought may never come together and really,
16 really sewed peace on troubled waters or in the
17 peninsula. So I think we'd be extremely well served by
18 both of them.

19 CHAIRMAN RICHARD: I'd just like to
20 associate myself with Mr. Umberg's remarks, first, in
21 thanking Ms. Schenk not just for the past year but the
22 past many decades starting from when she was the one who
23 brought the idea to then Governor Jerry Brown that
24 California should have a high-speed rail system and move
25 into the modern world and moving through her time in the

1 United States Congress where she was the one who brought
2 to President Clinton the bill that he signed that
3 established corridors for high-speed rail around the
4 United States. That's why we're sitting here today, and
5 I also share her disappointment that the people of San
6 Diego are going to be waiting a little bit because, as we
7 know, the Amtrak corridor between Los Angeles and San
8 Diego is the second biggest ridership corridor that
9 Amtrak has in the nation, the second busiest passenger
10 rail port, and so it makes all the sense in the world
11 for high-speed rail to connect Los Angeles and San
12 Diego, and quite a few people think that that should
13 have been the first thing that this board had done, and
14 perhaps, if it had been, if the ballot measure had been
15 written differently then a lot of history would have
16 been different.

17 But in any case, we look forward to her continued
18 leadership on this and to try to find ways to see if we
19 can accelerate some of those phase two opportunities in
20 San Diego and just her knowledge and her commitment and
21 her passion for the high-speed rail project. So thank
22 you very much for that service.

23 And I just wanted to say also to echo what
24 Mr. Umberg said that it may not mean much to people in
25 the public, but we feel we have a very good board here,

1 an excellent board. I have served on public bodies
2 before, and I have never seen the level of personal
3 commitment. My predecessor, Tom Umberg, put in -- God
4 knows -- how many hours on this endeavor, taking time
5 away -- he's a very successful attorney -- taking time
6 away from that practice. People here spend the time to
7 provide the governance and the oversight of this
8 project, and I would say that Mr. Hartnett has
9 demonstrated that he's probably unequalled in terms of
10 the level of penetrating questioning that he does of
11 staff.

12 I'm sorry, Mr. Rossi, but I think I give him
13 first chair on that, and I think we benefit from that.
14 And later today, as we move into the discussion of the
15 first construction contract, I think Mr. Hartnett's
16 questions about that have helped inform the debate.

17 So I just want to offer those comments in
18 association with Mr. Umberg.

19 Would the secretary please call the roll. The
20 motion is for Mr. Tom Richards and Mr. Jim Hartnett to
21 serve as vice-chairs for the board's coming year.

22 MS. LANE: Vice-Chair Schenk.

23 MS. SCHENK: Yes.

24 MS. LANE: Vice-Chair Richards.

25 MR. RICHARDS: Yes.

1 MS. LANE: Mr. Umberg.

2 MR. UMBERG: Aye.

3 MS. LANE: Mr. Hartnett.

4 MR. HARTNETT: Yes.

5 MS. LANE: Mr. Rossi.

6 MR. ROSSI: Yes.

7 MS. LANE: Ms. Perez-Estolano.

8 MS. PEREZ-ESTOLANO: Yes.

9 MS. LANE: Chairman Richard.

10 CHAIRMAN RICHARD: Yes. Thank you. Thank
11 you all very much.

12 Ms. Schenk.

13 MS. SCHENK: I understand it to be an
14 appropriate moment, but I wanted to extend my personal
15 welcome to Katherine to the board for many reasons. I'm
16 delighted that you are here and look forward to working
17 with you.

18 CHAIRMAN RICHARD: We're now going to move
19 to the next item, which is Item 2, and that's the
20 proposal relative to the first construction package. At
21 this point, as I have indicated in the past, I'm going
22 to step away and recuse myself. It's not a legal
23 requirement that I do so but as some have noted -- as I
24 have noted and some have reported -- I actually, prior
25 to ever being associated with high-speed rail, did some

1 work for -- as a consultant to one of the members of the
2 team that is proposed to move forward. So I have not,
3 at any point in the last year, taken part in the
4 discussions or deliberations about the construction
5 package.

6 So I will step away. I'll ask Tom Richards to
7 hold the gavel, and we'll move forward with that, and
8 then I'll return for the rest of the agenda.

9 MR. RICHARDS: Thank you, Mr. Chairman.

10 And Mr. Fellenz.

11 MR. FELLEENZ: Yes. Thank you, Vice-Chair
12 Richards and board members. You have been given in your
13 packet a memo that describes the process that the
14 Authority adopted for the procurement for CP-1, and
15 behind me, I have some other high-speed rail staff that
16 are here to assist with the presentation and also to
17 answer any questions you might have. I have Frank
18 Vacca, the chief program manager, Scott Jarvis, the
19 deputy chief program manager, John Tapping, our risk
20 manager, who is also the chair of the evaluation
21 committee for CP-1, and finally, I have Brain Capernick,
22 who is counsel from the Capernick Law Firm that has
23 worked a long time on this procurement.

24 What I plan to do is kind of walk through the
25 memo; however, I'm really here to take the board's

1 direction, and if you'd prefer to just go to question
2 and answer, I'm happy to do that, but really, I just
3 want to see what your direction might be.

4 MR. RICHARDS: I think it's an important
5 issue, and it would be helpful to walk through the memo.

6 MR. FELLEENZ: Sure. Thank you. This is
7 really a milestone event. We're here to ask the board
8 to delegate the CEO the approval to negotiate and to
9 sign the contract -- for the first design build
10 contract -- for high-speed rail. The project that we've
11 described here is a thirty-mile project in San Joaquin
12 Valley. It includes both Madera and Fresno County
13 starting at Avenue 17 at the north end and then finally
14 going through to east American Drive, which is in the
15 south end of the City of Fresno. As you are aware, we
16 voted on the environmental documents back in May of 2012
17 and certified CEQA documents for this section, which
18 is -- we termed the Bakersfield -- pardon me -- Fresno
19 to Bakersfield EIR/EIS, and then following your decision
20 in May of 2012, the Federal Government, who is a
21 participant in the environmental process, gave a notice
22 of decision for the NEPA piece of it in September of
23 2012. So we have full environmental clearance for this
24 section to move ahead to the next stage. This is a
25 design build contract meaning that the Authority took

1 the design up to -- between 15 and 30 percent in order
2 to complete the environment process. This design now is
3 being handed over to the design build team that's the
4 apparent low builder, and they will take it a hundred
5 percent design and then construct the facilities between
6 those end points. There are a variety of structures
7 that need to be built over and under existing
8 facilities, rows and railroad that are existing at
9 the -- pass under or over our facility. It's access
10 controlled, meaning that the high-speed rail will not
11 stop during this 30-mile section because it's -- every
12 interference will either go under or over that. It will
13 also include any waterway or bridges that have to be
14 moved.

15 The design build contract was analyzed using a
16 two-step process. There was an RFQ and an RFP. So I'll
17 start by talking about the RFQ process that was
18 something that the Authority issued in November of 2011,
19 and the statement of qualifications were submitted by
20 the design build teams. There was an analysis done to
21 determine their technical and financial capability in
22 order to perform the design construction of this
23 facility, the thirty miles. In January of 2012, we
24 completed that analysis of the RFQs, and there were five
25 design build teams that qualified, and they're listed in

1 your memo. Following that, we move to step two. In
2 step two, we issued, after you approved in March of 2012
3 the Request for Proposal, we provided to you a term
4 sheet, which calls for access to all of the contract
5 materials that were part of the Request for Proposal.
6 We submitted those to all five proposal teams including
7 construction to proposers, which laid out the process
8 that we had gone through in order to evaluate the
9 proposal that they were to submit. There were nine
10 addendums to the RFQ during the time period between
11 March of 2012 when it was issued and the submittal of
12 the proposals, which was in January of 2013. The RFP
13 indicated that the proposals would be evaluated using
14 two criteria. One would be the technical evaluation and
15 scoring, and then, secondly, it would be based on the
16 price proposal, and it was weighted thirty percent for
17 the technical and seventy percent for the price.

18 when we received the proposal, we went into an
19 evaluation mode. As I mentioned, John Tapping, our risk
20 manager, was at the evaluation team that consisted of
21 five public employees. We made sure that the integrity
22 of the process was foreseen, and we had limited
23 communications in the controlled communication group,
24 evaluation process. We had rented a facility, a State
25 facility, close by our office where we had locked down

1 all the proposals and submittals that had access to --
2 only by those who had signed a confidentiality agreement
3 that they would keep all the information confidential
4 during this procurement process. Also, during this
5 procurement process, we gave the opportunity for the
6 design build team to ask questions through what's called
7 a Request for Information that with those requests for
8 information, were then assessed by us and appropriate
9 responses were made. Those were posted on a
10 confidential site that the proposers had access to. So
11 they all had the same information for preparing the
12 proposals. We also gave them an opportunity to present
13 to us alternative technical concepts, which really are
14 ideas and ways of approaching the construction of this
15 project that would be a better way that we had
16 represented in our thirty percent design, and it could
17 be innovative designs or construction methods that would
18 represent cost savings, time savings, positive impacts
19 to the schedule.

20 There was a protest period that was part of the
21 procurement, and that was fully disclosed to the
22 proposer teams at the outset in the construction to
23 proposers.

24 Finally, when we gave the construction to the
25 proposer, we did have a section describing how tight it

1 would be to see and confidentiality of those prices
2 would be reserved in sealed envelopes until the
3 technical evaluation was complete. That way, the
4 evaluation team went through the scoring of the
5 technical evaluation not knowing anything about what the
6 price proposal was going to be until that technical
7 evaluation was complete.

8 As I mentioned, there were a number of requests
9 for information presented to the Authority. In fact,
10 there were more than 750 requests for information. I
11 mentioned there were nine addendum. There were over a
12 thousand changes made in that. Some as small as a typo
13 correction and some as large as changing the duration of
14 the contract, meaning, we changed the completion date.
15 We also had, as part of our evaluation process,
16 one-on-one discussions with the design build team.
17 This, again, was a confidential communication process
18 with signed letters of confidentiality. Purchase of
19 these discussions with the design build teams was to
20 understand and share information on technical and
21 procedural elements in the RFP so we could make sure
22 that what we had presented to them was going to result
23 in the successful proposal submitted by them, and a
24 successful evaluation process as open and transparent
25 and would lead us to the point we are today. Based on

1 some of those one-on-one meetings, or, in fact, on all
2 of them, there were a number of changes made in those
3 nine addendum that made the procurement process more
4 fair, open, and transparent and made it a better
5 process, which I think is evident in the result we have
6 today.

7 Each of the addendums as well as the RFP had been
8 posted to our website. So it was an open process the
9 public could look at in terms of what contract
10 requirements would be for this contract. What was still
11 confidential was the submittals that we had received
12 from design builders and all the communications that
13 took place on the confidentiality of the procurement
14 process, and the reason for that is that we need -- just
15 as all public entities do -- a confidentiality so it can
16 be fair, open, and transparent. And, of course, this
17 information regarding the evaluation is public at the
18 end of this process, meaning the execution of the
19 contract.

20 As I mentioned, the proposals were submitted on
21 January 18, 2013 from all five proposer teams. The
22 sealed envelopes were submitted, which means placed in
23 the safe. At which point, we completed the technical
24 evaluation. When we went through the evaluation phase,
25 there were several things that we did. The first thing

1 we did was that we had a pass/fail review. What this
2 really is, is kind of an update where we look at some of
3 the questions that we had asked and answered during the
4 RFQ stage, which is, are they financially capable.
5 First, there was administrative compliance and whether
6 the design build team was financially capable, had the
7 personnel, and experience to accomplish the task that we
8 asked them to do, which is CP-1. We found in this
9 pass/fail testing that all five proposal teams were
10 responsive, meaning they submitted all that they were
11 required to in the proposal request, and they met all
12 the administrative requirements for construction
13 proposers. After doing some testing, we found that
14 their financial capability remained sound and that they
15 could complete this project. They had the financial,
16 personnel, and the experience to accomplish it.

17 This technical subcommittee --

18 MR. ROSSI: I have a question. I have a
19 series of questions. Given the questions of the public
20 commentary to some of the articles recently written, I
21 wanted to just ask a series of questions that have been
22 asked before getting up to the analysis of where we are.

23 One, is it true that you have to be investment
24 grade to qualify for bidding?

25 MR. FELLEENZ: Yes.

1 MR. ROSSI: Is that true?

2 MR. FELLEENZ: Investment grade.

3 MR. ROSSI: Bring up your experts. The
4 answer is "no, you don't," so bring up your experts.

5 Two, the issue of impairment was a noncash
6 impairment as I understand it; is that correct?

7 MR. FELLEENZ: Yes.

8 MR. ROSSI: So if it's a noncash impairment,
9 the focus of the ability of the contract is on cash flow
10 and its ability to generate sufficient cash to deliver a
11 product that we have contracted. We have done that
12 analysis. Are we comfortable with the ability of the
13 contractors -- because we have to be careful. This is
14 not about Tudor Perini. It's about a joint venture that
15 includes two other substantial partners. So in
16 analyzing their cash positions and the ability to
17 generate cash and utilize that cash effectively, have we
18 done that analysis?

19 MR. FELLEENZ: Yes, we have.

20 MR. ROSSI: And they have not been found in
21 want?

22 MR. FELLEENZ: No, they have not.

23 MR. ROSSI: All right. As concerns,
24 impairment in general, it is my understanding that the
25 timeline of financials that we looked at is pretty much

1 between 2007 and 2010.

2 MR. FELLEENZ: Correct.

3 MR. ROSSI: I have mentioned, I guess, a
4 number of the other bidders had impairments; would that
5 be correct?

6 MR. FELLEENZ: Yes.

7 MR. ROSSI: It would have been very hard for
8 anyone during that timeframe not to have some
9 impairment.

10 MR. FELLEENZ: Yes.

11 MR. ROSSI: All right. So let me ask you
12 about the fact that there have to be warranties given
13 here, and if the thought process has laid out here in
14 some of the public commentary and in some of the
15 arguments is that Tudor Perini is not capable of meeting
16 its obligations. I take it, we weren't able to get a
17 warranty; there was no guarantee?

18 MR. FELLEENZ: No. We were able to -- they
19 submitted the bonds that were required.

20 MR. ROSSI: So in effect, beyond our own
21 independent study, people are actually putting money at
22 risk?

23 MR. FELLEENZ: Yes.

24 MR. ROSSI: Have said that they are worthy
25 going forward on this project?

1 MR. FELLEENZ: Yes. The surety stands behind
2 the contractor and is doing so through the issuance of
3 the bond.

4 MR. ROSSI: So on the one hand, you want
5 that evidence that the private sector supports the
6 project, you have to say the private sector is
7 supporting the contract.

8 MR. FELLEENZ: Yes.

9 MR. ROSSI: Okay. Fine. Now, I have a few
10 more.

11 MR. RICHARDS: Sure.

12 MR. ROSSI: So as we look at that exercise,
13 it would be apparent that we have done our own
14 independent study, that the people who issue guarantees
15 for the ability of the contractors to deliver have done
16 their own independent study and have not found any
17 financial issues as we speak with the Tudor Perini
18 Zachary Parsons Joint Venture.

19 MR. FELLEENZ: They have not.

20 MR. ROSSI: All right. There have been
21 similar articles about the technical capabilities. I
22 want to be very clear. As you indicated, the first gate
23 one has to get through here is pass or fail. You either
24 have the technical competence to do this job or you
25 don't.

1 MR. FELLEENZ: Correct. The first time we
2 tested that was at the RFQ process back in January of
3 2012.

4 MR ROSSI: So there is no doubt in anyone's
5 mind who has gone through this analysis that all five
6 qualified on a technical score basis?

7 MR. FELLEENZ: That's correct. There's no
8 doubt. We also tested that a second time in the
9 pass/fail proceeding that we have in the RFP process,
10 because there was going to be a change in position to
11 where the RFQ decision to allow them that this Authority
12 was made and then we evaluated and then after they
13 submitted their proposals, in fact, there could have
14 been a change in the partnerships that presented the
15 design build proposals, and, in fact, there was one
16 change from one of the proposer teams. It was not the
17 Tudor Perini team, but that was the process where they
18 had to ask our permission to substitute one of the
19 parts, and we did a financial analysis in order to
20 determine whether that was acceptable, and we allowed
21 that.

22 MR. ROSSI: So then from what -- previous
23 conversations and trying to analyze what we have done
24 here as recently as yesterday, Board Member Hartnett and
25 myself spent several hours with you, the issue of

1 technical competence, we're competent.

2 MR. FELLEENZ: Yes.

3 MR. ROSSI: On the difference in scores on
4 technical issues as indicated in the memo part of the
5 scoring, the way the scoring system works is if you
6 spend more time on the technical side, you'll get higher
7 technical scores.

8 MR. FELLEENZ: Yes.

9 MR. ROSSI: But it doesn't mean you're not
10 technically competent to carry out or execute this
11 particular --

12 MR. FELLEENZ: That's right. The test to
13 pass -- to determine technical competence was the RFQ
14 process and then the pass/fail process within the RFP,
15 and all five teams passed both.

16 MR. ROSSI: So, in effect, the issues,
17 financial issues, seem to be well covered. The issue on
18 technical competence seems to be well covered, which
19 brings me to my third set of questions, if you'll
20 indulge me, Mr. Chair.

21 MR. RICHARDS: Please.

22 MR. ROSSI: Similar articles about the
23 history of Tudor -- we're talking about Parsons Zachary
24 this is a joint venture. I'm dealing with Tudor -- as
25 both board member and myself had asked you all again

1 yesterday, have we done sufficient analysis to be sure
2 that we are comfortable concerning all the headline
3 issues about change orders and all of those particular
4 kinds of activities that, in fact, have gone back and
5 studied the history as best we can, because a lot of
6 this is not public, but that, in fact, there is no
7 reason to be concerned that this would be a problem with
8 an appropriately negotiated contract?

9 MR. FELLEENZ: Yeah. We have no reason to be
10 concerned, and there's really two tests in the
11 procurement whether a bidder is a responsible bidder and
12 whether they are being a responsive bidder, and all five
13 proposal teams, we found to be responsible bidders and
14 responsive.

15 MR. ROSSI: Well, it seems to answer my
16 questions. Thank you very much.

17 MR. RICHARDS: Yes. Director Rossi and Mr.
18 Fellenz, how much longer would you suspect your
19 presentation is going to be?

20 MR. FELLEENZ: I can probably wrap this up in
21 about five minutes or so.

22 MR. RICHARDS: Okay. We'll go forward.
23 We're going to complete your presentation, and then
24 we'll have board member questions.

25 MR. FELLEENZ: When we went through the

1 scoring, I do have a description of the scoring that was
2 a result of the technical part of the evaluation, and
3 then we moved into the price component.

4 MR. ROSSI: I apologize.

5 MR. RICHARDS: Yes, Mr. Rossi.

6 MR. ROSSI: There was one particularly
7 egregious statement or half statement, and it went that
8 "proposers shall not have incurred material changes
9 since the time of the SOQ submission," which is correct
10 except for there's another part of the sentence, which
11 was omitted. "Such that the proposer continues to have
12 the financial capability to design and construct the
13 project," and the questions I just took you through is
14 that there's more than enough evidence that, in fact,
15 Tudor and Company has that capability.

16 MR. FELLEENZ: Correct. That's correct.

17 MR. ROSSI: It would be nice to get the
18 entire sentence in the record.

19 MR. FELLEENZ: When we opened the envelopes
20 after completing the scoring for technicalities, then we
21 combined those two and weighted 30 percent for the
22 technical and seventy percent for the price, and the
23 result was that Tudor Perini Zachary Parsons Joint
24 Venture was found to be the apparent best value
25 proposer, and we made that announcement, put it on our

1 website, and we started what's called a process whereby
2 any of the other proposers could protest the award to
3 the Tudor group, and there was a five-day period over
4 which any of the other proposer teams could challenge
5 our decision to designate them as the apparent best
6 value proposer, and no protests were filed. So we're
7 really in a possession right now to move ahead with the
8 award of this contract.

9 This contract -- we talk about the price. There
10 were two price components in the Tudor presented to us.
11 The first was the lump sum price for all the work to be
12 completed and that number was -- or the value was
13 969,988,000. And then there was a second piece to their
14 proposal and that came in a unit price to be multiplied
15 by the quantity that we had determined ourselves to be
16 an estimate of the hazardous soil materials, and their
17 unit price multiplied by this quantity in order to come
18 up with a unit price -- I mean, a sum for the estimate
19 for hazardous soil remediation. And the reason we did
20 it this way was because we felt the design build teams
21 did not have enough information to adequately estimate
22 what that unit amount of -- or amount of hazardous
23 material was going to be, so we determined that
24 ourselves and then to establish a level playing field
25 ask them to provide a unit price. When Tudor's unit

1 price was multiplied by our quantity for hazardous
2 material that added an additional \$15,154, 530. So the
3 total bid is \$985,142,530. That is the number that
4 we're going to ask the board to approve for Jeff
5 Morales, our CEO, to enter into as part of the contract
6 for seeking one with Tudor Perini group.

7 We also, though, are asking for a second
8 approval. The second approval is for the Authority
9 controlled provisional sum, meaning we're setting aside
10 an amount of \$54 million, and the purpose for that 53
11 million is to -- kind of three-fold. First, it's to
12 provide some money for utility relocations. We're still
13 acquiring property. We actually recently started the
14 property acquisition process, and so because of some of
15 the uncertainty on utility locations, we provided as
16 much information as we could to the design build teams,
17 but we felt that we should also have an additional
18 amount of money for unforeseen consequences because of
19 utility relocation costs. So they have an amount for
20 utility relocation but we have criteria there's
21 enough uncertainty -- enough -- if the information
22 provided is not accurate enough, then they will be
23 entitled to additional moneys for utility relocation.
24 We worked with utility companies for over a year in
25 getting as much information as we can, but we're going

1 through a city that's -- a lot of these places, nobody
2 has been more challenging parts to work in.

3 In addition, we have an eight-million-dollar
4 amount for hazardous materials to buildings. We do not
5 have access to the buildings because we don't know them
6 yet. We hope to move through and purchase to build in
7 our right-of-way. So because we have uncertainty of the
8 costs for hazardous materials, we have a provisional sum
9 amount of the eight million dollars. And then finally,
10 we have a twenty-million-dollar amount to be set aside
11 in a provisional sum, which we have labeled here as
12 construction contract work, and what that really amounts
13 to is moneys to allow the contractors to cure damages or
14 impacts to what we are purchasing, because oftentimes,
15 we purchase partial properties, and they interfere with
16 access. And so we could either compensate the property
17 owners directly for those -- what are called cost secure
18 -- or we could perform the remediation ourselves by
19 having the contractor do that work. We're going to try
20 to work with the property owners and try to give them
21 the opportunity to have contractors perform some of that
22 work.

23 So the bottom line is that the total sum or the
24 provisional sum we're asking the board to approve is \$53
25 million. So that's the separate item that would be

1 managed by the CEO for the purposes that I have
2 indicated. So the recommendation for staff is shown in
3 the board packet as a resolution, and that is to approve
4 the Chief Executive Officer the authority to finalize
5 and execute the contract for the design build services
6 for Construction Package 1 with Tudor Perini Zachary
7 Parsons, a Joint Venture, for a total contract amount
8 not to exceed \$985,142,530 and then secondly, to
9 authorize the CEO to manage the design build services
10 contract for Construction Package 1 within the contract
11 amount that I just mentioned plus another 53 billion in
12 unidentified provisional sum if necessary with reporting
13 to the Finance and Audit Committee on the contract
14 status and process. And with that, I'm -- I can answer
15 any questions.

16 MR. RICHARDS: Thank you, Mr. Fellenz.
17 Director Schenk.

18 MS. SCHENK: Thank you, Mr. Chairman. Where
19 to begin. First of all, Mr. Rossi covered a number of
20 my questions, but since this is a public record, some of
21 it bears repeating. First of all, I want to compliment
22 staff on the plain English language that you all used in
23 preparing these volumes of materials, and thank you and
24 the team for spending almost two hours with me. You
25 know, we went over probably fifty points in the contract

1 and some things that were outside of the proposed
2 agreement but I just want to -- because it bears
3 repeating -- to hear from you, again, that Tudor and the
4 team fell well within the technical requirements for
5 this project.

6 MR. FELLEENZ: That's true. We found them to
7 be technically competent, meaning the whole team, the
8 Zachary Parsons group as well as Tudor Perini,
9 technically competent to carry this project out, CP-1.

10 MS. SCHENK: And if I understand correctly,
11 some of the other teams scored higher because they won't
12 advance their designs beyond the proposal phase, and so
13 my question, again, is what the score for them would
14 have been had they not advanced beyond what was asked
15 for and also why were they not graded down for going
16 beyond what was asked for rather than being graded up?

17 MR. FELLEENZ: Well, I think that there's a
18 difference in the amount of information --

19 MS. SCHENK: I can't hear you, Tom.

20 MR. FELLEENZ: -- the amount of effort in
21 terms of taking the design to a higher level was left up
22 to the proposal team. We didn't indicate what level
23 they would take it to. What we did was give them a 15
24 to 30 percent design that they were to analyze this
25 design and put their proposals together. Some of the

1 teams carried the design further, in other words,
2 designed more elements in the project like bridges, took
3 it to another level. And we saw that maybe some of
4 those proposal teams that had more effort in the design
5 or took it to a higher level may have scored a little
6 bit higher in technical. It didn't mean that any of the
7 teams were not qualified. We found them all to be
8 qualified.

9 MS. SCHENK: And I think that that is --
10 someone wants to --

11 MR. FELLEENZ: Oh, yeah. Sure.

12 MR. VACCA: Frank Vacca, chief program
13 manager. Just to further --

14 MS. SCHENK: I'm sorry. You are?

15 MR. VACCA: Frank Vacca, chief program
16 manager. Just a further detail to your question
17 regarding the bidding process and the level of detail,
18 each of the contractors took it upon themselves to go
19 beyond -- how far beyond the requirement of the
20 Authority's request, RFP. They took it upon themselves
21 to invest more dollars, more time, and determine what
22 level of risk they were willing to take on the proposal,
23 and because of that, each of the individual contractors
24 and bidders have different levels of their technical
25 proposal. They individually chose what level of comfort

1 of risk and detail they require for the proposal. So
2 the technical evaluation was based on what would be
3 different levels of detail that each proposal decided
4 that they required to determine their price, but they
5 all met our minimum requirements and met the overall
6 qualifications to proceed with the process and with the
7 project.

8 MS. SCHENK: Well, that's certainly the key
9 important issue, but it wasn't a hundred percent apples
10 to apples comparison in terms of what they were
11 proposing because some took it upon themselves --

12 MR. VACCA: Some took it upon themselves to
13 take it higher and invest more time and dollars.

14 MS. SCHENK: They got graded higher.

15 MR. VACCA: And they got graded accordingly;
16 that's correct.

17 MS. SCHENK: Well, okay. I just wanted to
18 understand that.

19 All right. Tom, as you may recall from our
20 conversation and discussion on this, one of my big
21 concerns, having been around this block too many times
22 and having seen these movies and how they end, I am very
23 concerned about theft, fraud, and waste. I mean, we're
24 going to be dealing in aggregate concrete, cooper
25 wiring, all the kinds of things that add up and, you

1 know, that great American principle of honor and doing
2 the right thing when no one's looking. I believe in
3 Ronald Regan's "trust but verify." So would you just
4 repeat again about the oversight that will take place by
5 independent overseers for the Authority.

6 MR. FELLEENZ: Sure. I'm going to ask Frank,
7 Frank or Scott, to talk about -- I think Scott was the
8 one that talked to you on the phone and indicated what
9 some of the verification and validation systems were.

10 MS. SCHENK: Yeah, but I think it would be
11 important, for the public record, for you to repeat
12 that.

13 MR. JARVIS: Hi, good morning. My name is
14 Scott Jarvis. I'm the assistant chief program manager
15 for the Authority.

16 Yeah, the contract itself has very strict
17 requirements for quality control that the design build
18 contractor is responsible for. So that's our first
19 level of quality, and then on top of that, the
20 contractor, the contract has provisions for an
21 independent checking engineer, which is really a firm as
22 well as an independent site engineer. An independent
23 checking engineer is involved in quality control and
24 quality assurance during the design phase, and the
25 independent site engineer is involved in the quality

1 control, quality assurance, QCQA, during the
2 construction phase. So that's really a hundred percent
3 quality control check, again, on the quality of the
4 work. In addition, there'll be a project and
5 construction management team that's hired by the
6 Authority to perform contract administration and also to
7 oversee the quality of the product, quality of the work,
8 and quality of the materials. Then, in addition to
9 that, the Authority will have construction management
10 staff on the project as well to manage the overall
11 project to perform quality control, quality assurance
12 and independent verification. So those are, kind of,
13 the four layers of quality control for the work and
14 materials that are part of the contract.

15 MS. SCHENK: You know, we did spend a lot of
16 time on the verification and validation, and I still
17 have the concern that, to the extent of these
18 independent checking engineers are going be paid by a
19 contractor that, that is of concern to me and I would
20 like to see this be totally independent with not at
21 dotted lines to the Authority but a straight, white line
22 and I still hold that out as a concern.

23 MR. JARVIS: If I may elaborate a little bit
24 on that, although the payment does flow through the
25 contractor to the independent checking and independent

1 site engineers, the way the contract is structured is
2 that they truly do work completely independently. They
3 are paid monthly, equal payments regardless if it's
4 approve or denying of any documents or work performed by
5 the contractors. So --

6 MS. SCHENK: I know, but, you know, the
7 reality is we're human and I just wish it weren't
8 flowing through -- that it had been through a separate
9 line item that goes from the Authority to the
10 independent checking but --

11 MR. JARVIS: I understand.

12 MS. SCHENK: I know you understand. My
13 concern is about that, so thank you.

14 Let's see. There were a couple of other items
15 but not to belabor just -- Tom, pages aren't numbered,
16 so it's a little bit hard to bring your attention to,
17 but it's under the Fresno Bakersfield portion of the
18 Construction Package 1 and then 1-C is in parens. If I
19 could draw your attention to paragraph two under that.
20 It says the public comment period for the document ended
21 October 19, 2013. Either that's a typo and you mean
22 "2012" or the public comment period "will end." It's
23 got be one or the other.

24 MR. FELLEENZ: It's 2012.

25 MS. SCHENK: 2012. Okay. All right. And

1 then finally as Mr. Oliveira brought up a letter just to
2 make sure that everybody knows that we all read in great
3 detail the documents that are submitted to us, and we
4 have had a discussion, at least I did, with our CEO
5 about their letter and that we satisfied ourselves as to
6 some of the issues that they have brought up. And then
7 my very final comment is although that Mr. Tudor doesn't
8 remember it, I know of his past dealings and all of his
9 reputation, and he cares a great deal about his
10 reputation.

11 And so, Mr. Tudor, your reputation is on the line
12 on this, and so we expect you to do what you have done
13 in the past and make this an almost flawless and
14 seamless relationship.

15 Thank you, Tom.

16 MR. FELLEENZ: Sure. Vice-Chair -- Ms.
17 Schenk, I just want to make another comment --

18 MS. SCHENK: No longer.

19 MR. FELLEENZ: Pardon?

20 MS. SCHENK: No longer, just member.

21 MR. FELLEENZ: I was just going to make
22 another comment. You focused on one of the
23 environmental documents having been completed, and
24 that's true. The Fresno to Bakersfield document is not
25 certified by this board or the Federal Government at

1 this point, but we expect to that happen late this year,
2 early next year. So what's important about that is that
3 this project, Construction Package 1, is divided up into
4 three pieces as described in the memo here. 1-C is not
5 environmentally clear and -- but we will not proceed
6 with any construction on that section until there is
7 environmental clearance and we have built that into the
8 contract. So we have separate notices to proceed for CP
9 1-A and 1-B that are environmentally cleared and then
10 1-C is not. So I just wanted to point that out. I
11 think that's important for you to understand that no
12 construction will take place until there's environmental
13 clearance.

14 MS. SCHENK: Thank you.

15 MR. RICHARDS: Thank you, Tom.

16 Director Perez-Estolano.

17 MS. PEREZ-ESTOLANO: Good morning. First of
18 all, thank you to the team for spending hours with me
19 individual -- individually and helping me through a
20 voluminous amount of material. When I got the package,
21 I was given the opportunity to ask open-ended questions,
22 and I appreciate that from everyone who helped walk me
23 through, because being new to the board, I wanted to
24 make sure that I understand everything, that I was
25 clear, that my questions had good enough answers, and if

1 they didn't, I was going to come back, and certainly, I
2 got those. And for the purposes that my colleague, Ms.
3 Schenk, did, which is to put on the public record and
4 make sure that the things that I read that -- make sure
5 that folks know that -- folks here are assured that all
6 parts of this bid are being scrutinized and evaluated.
7 So the things that I was looking at and I wanted to just
8 ask about, it's not mis-material, but it is on the web,
9 and it is particular to addendum number -- Community
10 Benefits Agreement. I believe that's Addendum Number 8,
11 and to me, I wanted to make sure that the Tudor team has
12 committed to the Community Benefits Agreement and all
13 that is there on that document.

14 MR. FELLEENZ: Yes. They actually have to
15 sign certification that they agree to comply with it,
16 and they have done so.

17 MS. PEREZ-ESTOLANO: And as part of that, we
18 don't talk about it here. We talk about the team and
19 the competition that the qualification for the firm
20 ensures that staff, where they locate their
21 headquarters, the thirty percent requirement for DBE/SBE
22 are requirements met by this particular team.

23 MR. FELLEENZ: Yes, that's a requirement in
24 the contract.

25 MS. PEREZ-ESTOLANO: And also, as Member

1 Schenk was mentioning, other teams did additional work
2 in terms of their proposal at their own discretion.
3 That additional work was part of their submission. What
4 happens with that additional work that is now the
5 property of the Authority?

6 MR. FELLEENZ: That additional work, you've
7 essentially purchased through the payment of a stipend,
8 and that belongs to the Authority. So that's something
9 that we can use for this construction package and future
10 ones. So we will make that available to the Tudor
11 Perini Zachary Parsons team and may see value and be
12 able the use it to take the design from thirty to a
13 hundred percent.

14 MS. PEREZ-ESTOLANO: So we own this now, so
15 we can benefit from that.

16 MR. FELLEENZ: Yes.

17 MS. PEREZ-ESTOLANO: I think that is most of
18 my questions. And thank you to the staff for being very
19 helpful in some very, very technical questions that I
20 have.

21 MR. FELLEENZ: You're welcome.

22 MR. RICHARDS: Thank you. I am noting that
23 our stenographer's fingers are steaming, and with your
24 permission and the public, we'll take a ten-minute
25 recess, and we'll be back.

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(Break taken.)

MR. RICHARDS: Ladies and gentlemen, thank you very much for your patience.

Mr. Fellenz, you're done with your presentation. I'll go to Vice-Chair Hartnett.

Do you want to make another statement at this point?

MR. FELLEENZ: Yes.

MR. RICHARDS: Okay.

MR. FELLEENZ: I just wanted to make one suggestion on the resolution. Although, it's covered in the contract itself, which is this requirement that the notice to proceed on 1-C can't proceed until the environment clearance is complete. I'm suggesting that another paragraph be added to the resolution that states the following: The Chief Executive Officer may not issue a notice to proceed for construction in any area that is covered only by the pending Fresno Bakersfield EIR. The board may issue such issuances, if at all, after the board consideration certification of the final Fresno Bakersfield EIR.

MR. RICHARDS: Okay. And that would then be Item Number 3 of the resolution?

1 MR. FELLEENZ: Yes.

2 MR. RICHARDS: Okay. Any -- let's just ask
3 any of the members, do you have any questions in regards
4 to that addition of the proposed resolution, basically,
5 just ensuring that it's clear that there will be no
6 notice to proceed on any area outside of that covered by
7 the environmental documents, the Fresno to Merced; is
8 that correct?

9 MR. FELLEENZ: Correct.

10 MR. RICHARDS: Okay. All right. Thank you.
11 Vice-Chair Hartnett.

12 MR. HARTNETT: Thank you. Just briefly,
13 with respect to that addition, I think it's redundant,
14 but it is just affirming what's already there and what's
15 already said. I have some brief comments and questions
16 with respect to the contract, the process, and the
17 result. And first, Mr. Fellenz, with respect to the
18 contract, you know, we have -- this is not the first day
19 that we have been exposed to or dealt with the contract
20 and the contract issues, but can you describe at least
21 by title the legal team that's worked on the contract
22 issues on behalf of the Authority.

23 MR. FELLEENZ: I certainly can. We have
24 under contract the Lawson Law Firm and Brian Patrick,
25 behind me here, has led up the management team in

1 working on the CP-1 contract.

2 Brian, how many persons in your firm have worked
3 on this?

4 MR. PATRICK: Maybe six or more.

5 MR. FELLEENZ: About six attorneys in the
6 Lawson Law Firm who have extensive experience design
7 build procurements has provided legal services for this.
8 They have worked closely with the authority, me directly
9 as well, and with the PMT to go through this procurement
10 process.

11 MR. HARTNETT: And from the business side of
12 the Authority, who has had input into the contract?

13 MR. FELLEENZ: The Project Management Team
14 headed up by Parsons Brinkerhoff headed up this
15 procurement process and there's a number of individuals
16 at a very high level of -- including Frank Belker, who
17 is their chief executive for this project and others
18 have worked on this who have experience in these types
19 of procurements and design build.

20 MR. HARTNETT: The contract is, obviously,
21 very extensive and complex, but it is, after all, a
22 design build contract, which, in effect, has well
23 established templates because it is a, a type of
24 contract that is now regularly used in California,
25 correct?

1 MR. FELLEENZ: Yes. It's being more
2 frequently used in California.

3 MR. HARTNETT: And I had some experience
4 with design build contracts as long ago as twenty,
5 twenty-five years ago. So it's not a new type of
6 contract, right?

7 MR. FELLEENZ: It is not, no.

8 MR. HARTNETT: And in negotiating the
9 contract, I know there's, in effect, an allocation and
10 shifting of risks as one negotiates, and that's the case
11 with any contract, and it's the case with respect to
12 design build contracts as well, but the concept behind a
13 design build contract is to put more within the risk of
14 the contractor both because the contractor is willing to
15 accept the risk and because there is some additional
16 control the contractor has because the contractor, in
17 effect, is carrying forward a design that is -- the
18 parameters of which are established by the principle
19 party but for which the contractor is responsible to
20 bring to fruition, correct?

21 MR. FELLEENZ: That's correct.

22 MR. HARTNETT: And so any entity that we
23 would contract with would have the risk and the kind of
24 control that's inherent in a design build contract,
25 right?

1 MR. FELLEENZ: Yes, yes.

2 MR. HARTNETT: And part of that is what the
3 Authority and the Authority's team has accomplished in
4 building that contract in the information that is
5 supplied to the contractor that they're relying on as a
6 basis from which they're going to launch their design
7 and additional analysis, right?

8 MR. FELLEENZ: Yes.

9 MR. HARTNETT: Okay. Again, there's three
10 areas that I identified that are, in general, of concern
11 to me for design build contract not specific to
12 High-Speed Rail, but in general, in which there just are
13 additional risks I think. One, is site condition, two,
14 is hazardous materials, and three, is the issue of
15 utilities.

16 Now, I understand, with respect to the issue of
17 hazardous materials, the Authority has done the
18 equivalent of a phase one study with respect to the
19 areas in which it's expected project would be built and
20 then that phase one study data is kind of the base of
21 getting information in connection with determining the
22 allocation of risks with respect to hazardous materials;
23 is that a fair statement?

24 MR. FELLEENZ: Yes, it is, and it was done as
25 part of the appraisal process, phase one yes.

1 MR. HARTNETT: And that also has to do with
2 the unit pricing cost that you talked about for both --
3 I think you gave assumptions for the base as well as the
4 provision, correct?

5 MR. FELLEENZ: Correct.

6 MR. HARTNETT: And with respect to
7 utilities, which in any project can be an issue, I
8 understand that the Authority has spent over a year
9 working with fifteen -- as many as fifteen different
10 utilities on identifying utilities that may be affected
11 by the construction and getting a good -- the best
12 understanding as possible and that some utilities will
13 be doing their own removal work and others would not; is
14 that a fair statement?

15 MR. FELLEENZ: That is true.

16 MR. HARTNETT: Okay. And so there's been
17 serious attention to the utilities side of that?

18 MR. FELLEENZ: There has been, yes.

19 MR. HARTNETT: Okay. And then with respect
20 to the site conditions, there is certainly some risk for
21 the Authority and the contractor in that, given that we
22 don't have control or have not had control of the sites
23 over which the project will be built is that, that's an
24 ongoing process; is that a fair statement?

25 MR. FELLEENZ: Yes, it is.

1 MR. HARTNETT: Okay. But, but certainly,
2 there's contractual language that deals with that issue
3 and attempts to allocate the risk on that in a
4 reasonable way?

5 MR. FELLEENZ: Yes, there is.

6 MR. HARTNETT: And in addition to having
7 tested conditions on that, in terms of amounts that are
8 budgeted to take care of -- what, likely, will be some
9 additional costs -- once the site conditions are more
10 specifically known, correct?

11 MR. FELLEENZ: Correct.

12 MR. HARTNETT: All right. And we've gone
13 through a rigorous process in terms of trying to test
14 the validity of the figures for that, and we've done
15 standard testing in that regard.

16 MR. FELLEENZ: Yes, we have.

17 MR. HARTNETT: All right. So, so I'm --
18 having reviewed the contractual terms and asked a number
19 of questions about them, I'm satisfied that we have done
20 the best that we can in terms of a contract for this
21 project.

22 I'd like to talk briefly about the process. Now,
23 the process in selection of the -- someone to build is
24 that this project has been very rigorous and you have
25 described that previous to today. We have been involved

1 in it over a long period of time, and I think, from my
2 view, the process is both designed to get qualified
3 entities that can do the job and make sure that it's
4 done in a reasonably objective way. So it's not a
5 political decision by a political board awarding a
6 contract to some favored party. And I think that's
7 really important in both public contracting and private
8 contracting that you set up a transparent, objective
9 process in which criteria are clearly set out; you have
10 an even and fair playing field for those who are
11 involved in it and who commit, and in particular, in our
12 case, who through a very substantial effort, who both
13 qualified as someone who could get the contract and who
14 would do very serious design work as moving forward
15 their bid to be one of the finalists.

16 So I think it's really important that that
17 process be clear and transparent and fair. And I think
18 in a sense looking backwards, it really is clear that it
19 has been for a variety of reasons. Looking where we are
20 here today in our litigious society and in knowing the
21 real value of this approximately billion-dollar
22 contract, none of the folks who have not been awarded
23 the bid have protested, correct?

24 MR. FELLEENZ: Correct.

25 MR. HARTNETT: And there's a lot of money at

1 stake, and their work product is now the work product
2 that the Authority owns that they have given over to the
3 Authority as part of this process, right?

4 MR. FELLEENZ: Yes.

5 MR. HARTNETT: And so it seems to me, just
6 as, kind of, the proof is in the pudding, in a sense is
7 that if you look at the fact that these very interested,
8 very qualified, very good contractors went through the
9 process and are abiding by the results without protest,
10 tells you, at least in the marketplace, it was looked at
11 as a fair and transparent and a reasonable process;
12 wouldn't you agree with me on that?

13 MR. FELLEENZ: Yes, we would agree with you.

14 MR. HARTNETT: And I certainly have seen,
15 over the years, in major projects where there's a lot at
16 stake, a lot of controversy over bidding results, and we
17 obviously don't have that here. That gets to my view in
18 terms of the actual result. Again, I think that it's
19 been -- first of all, at the last board meeting, I asked
20 a number of questions that I wanted to make sure were
21 addressed for me and for the entire board before we were
22 in a position to make a decision on this contract, and
23 the questions really boiled down to, can the successful
24 bidder do the job and will they do it within the
25 confines of the contract as contemplated by the

1 Authority, and can they do the job. And there's been a
2 variety of questions asked and answered today that go
3 directly to that point, and I think that the questions
4 that I had were answered and to my satisfaction.

5 Additionally, I note that in talking to staff
6 about the qualifications of part of the -- at least one
7 member of the three-member contract team -- that the
8 staff has observed firsthand -- some of the staff has
9 observed firsthand -- in recent years, design build
10 contacts that party has been involved in that went off
11 without a hitch that were done in the normal course and
12 the public agency that contracted with them was
13 satisfied, and I think that's important as well. And
14 we're -- we, we have to, I think, abide by that
15 transparent process that we put forth with objective
16 results, but then you have a common sense test. Did we
17 just really mess up here some way? Was there a problem
18 in the process? Did we not have the right
19 considerations? Did we end up with somebody who really
20 can't do the job? And I think the proof is in the
21 pudding that that process worked, that it worked to the
22 benefit of high-speed rail, that it worked to the
23 benefit of the entire State of California. We have a
24 highly qualified team that can deliver the work product
25 and that has offered to do so at a price that is about a

1 hundred million dollars less than what anybody else
2 would do it for and several hundred million dollars less
3 than what we initially estimated. It's not to say
4 there's not going to be more cost involved, but we we're
5 at a much better starting point than we could ever even
6 have imagined when we started out on this process, when
7 we had our own engineering estimate as to what this
8 might cost us -- and I think we have in the contract and
9 in the contractor and in the price a real opportunity to
10 get started in a much better way than we even
11 anticipated. So I really strongly endorse the adoption
12 of the recommendation, and I'm pleased with the staff's
13 due diligence in answering our questions, and I'm
14 pleased that they had answers for the questions that
15 the -- that we didn't raise new issues. We maybe raised
16 them in a new way, but all those things that we asked
17 about had been either dealt with or contemplated, and we
18 had ready answers. So I appreciate what the entire team
19 has done and appreciate the work of each member of the
20 board on this and questions that each of us have asked.
21 This has not been a passive board about this process and
22 this contract, and I think the staff would tell anybody
23 that we put them to the test. Thank you.

24 MR. RICHARDS: Thank you, Vice-Chair
25 Hartnett.

1 Director Umberg, do you have any comments?

2 I will only -- for your benefits, scratched out
3 almost all of my questions. I just have a couple of --
4 three left.

5 Would it be -- is it a fair statement, Mr.
6 Fellenz, that the business points that will be
7 incorporated into the contract have been negotiated at
8 this point, are there any other business points during
9 this process, assuming that the board favorably acts on
10 this resolution, will be there any other business point
11 changes that would be anticipated to be incorporated
12 into the contract?

13 MR. FELLEENZ: We don't anticipate any.

14 MR. RICHARDS: No. Okay. And so can you
15 just, just give us just, just a quick -- not timeline
16 but just in that sort of vein what occurs from this
17 action today, and by what time would we anticipate,
18 assuming that we move forward, that there would be the
19 likelihood of an executed contract?

20 MR. FELLEENZ: We expect the execution to
21 take place within approximately a month, so sometime in
22 July. We have to gather all the contract materials,
23 assemble them, make multiple copies. We have to sit
24 down with the contractor and go over the contract. It's
25 going to be reviewed by their legal counsel, their

1 internal staff, and then we will sign the contract, and
2 it will come back to us for the CEO's signature.

3 MR. RICHARDS: I know it's going to be very
4 lengthy. Has the design build contract team seen any
5 drafts of the agreements that are in the works by our
6 outside counsel or staff?

7 MR. FELLEENZ: Can you repeat the question
8 again.

9 MR. RICHARDS: I'm interested in knowing to
10 what level is the design build contractor aware of what
11 will likely be in this contract?

12 MR. FELLEENZ: Oh, well, he's seen the entire
13 contract, that was the basis for the proposal.

14 MR. MORALES: It was in the RFQ.

15 MR. RICHARDS: I'm just, frankly, asking
16 that for the record.

17 MR. FELLEENZ: Yes.

18 MR. RICHARDS: And this is redundant,
19 Vice-Chair Hartnett, but I -- just for one more time,
20 for the record, with regards to the concerns that have
21 been raised by some in the room here with regards to
22 financial capacity and other issues regarding the
23 balance sheet of financial statement of the design build
24 contractor, the work that has been done and basically
25 the pass rating, are we satisfied that our decision with

1 regards to that is current enough that if somebody was
2 asked to sign a no-change letter that, that would be
3 appropriate? I'm not asking that, that be done, but in
4 other words, is the information on which we're basing
5 that decision current information?

6 MR. FELLEENZ: Yes, it is.

7 MR. RICHARDS: And so roughly how long ago?

8 MR. FELLEENZ: Within the last month.

9 MR. RICHARDS: Okay. And following up on
10 Vice-Chair Hartnett's comments with regard to exposures
11 for the Authority, which I'm absolutely sure all of us
12 do, with regards to environmental issues, I'm just
13 interested in knowing the standard that staff used with
14 regards to estimating the cost for remediation for the
15 site along the alignment that you had mentioned earlier
16 that the design build contractor didn't have enough
17 information clearly to put a price on that. I know you
18 used the unit price. I'm just wondering how was that
19 unit price developed?

20 MR. FELLEENZ: As far as the hazardous
21 material?

22 MR. RICHARDS: Yeah. Not the buildings,
23 which I understand are eight million but I'm asking with
24 regards to the hazardous soil remediation, which is 15
25 million.

1 MR. FELLEENZ: The 15 million is the
2 quantity.

3 Frank, do you know.

4 MR. VACCA: Well, we looked -- as we
5 mentioned, with the phase one, we'll look at historical
6 uses, and to understand what type of activity occurred,
7 for instance dry cleaners and underground storage tank
8 of petroleum, is one thing that comes to mind as raising
9 the exposure to the likelihood that there's hazardous
10 materials there. So having understood what the uses
11 were and the possibility of having contamination
12 remaining, we took the footprint and estimated the total
13 quantity of the earth removal based on historical
14 information we had for those types of information
15 situation dry cleaning, contamination, and those sort of
16 indicators. And so the project management team worked
17 on putting those quantities together based on historical
18 information we had based on -- which was to be off of
19 phase one.

20 MR. RICHARDS: So I mean, is there something
21 like a standard per cubic foot of soil that needs to be
22 remediated? I'm just wondering where did that number
23 come from?

24 MR. VACCA: Frank Vacca. As a precursor to
25 the evaluation, we look at, as Mr. Fellenz indicated,

1 prior usage and then you estimate that the type of
2 usage, and then an estimate of the type of the amount of
3 soil what we have to remove, so you get a cubic foot of
4 the type of number. The unit price was bid by each of
5 the contractors, so you multiply the unit price times
6 the estimated cubic foot of potentially hazardous
7 material. So based on the type of hazardous, you know
8 that less hazardous, you might have to take a foot or
9 two foot. More serious -- rail yard, for instance --
10 you may need four foot times the areas. So we calculate
11 it on a quality basis times unit price that we bid, and
12 that's how you get the price.

13 MR. RICHARDS: Okay. Thank you. All right.
14 If there are no other comments before us, Resolution
15 HSRA 13-12 is modified into the record one more time,
16 Mr. Fellenz, would you read into the record Item Number
17 3 of that resolution that you proposed to be added.

18 MR. FELLEENZ: Number 3 states the Chief
19 Executive Officer may not issue a notice to proceed
20 construction in any area that is covered only by the
21 pending Fresno Bakersfield EIR. The award may authorize
22 such issuance, if at all, after the board considers
23 fortification of the final Fresno Bakersfield EIR.

24 MR. RICHARDS: All right. Thank you. And I
25 will also add my appreciation to the staff's preparation

1 of this item and incredible amount of work that has been
2 done over the last year and a half really getting the
3 board to a point where we can get started.

4 With that resolution before us, is there a
5 motion?

6 MS. SCHENK: So moved.

7 MR. ROSSI: So moved.

8 MR. RICHARDS: Okay. Motioned by Director
9 Schenk and a second by Director Rossi.

10 Please call the roll.

11 MS. LANE: Vice-Chair Schenk.

12 MS. SCHENK: Yes.

13 MS. LANE: Vice-Chair Richards.

14 MR. RICHARDS: Yes.

15 MS. LANE: Mr. Umberg.

16 MR. UMBERG: Yes.

17 MS. LANE: Mr. Hartnett.

18 MR. HARTNETT: Yes.

19 MS. LANE: Mr. Rossi.

20 MR. ROSSI: Yes.

21 MS. LANE: Ms. Perez-Estolano.

22 MS. PEREZ-ESTOLANO: Yes.

23 MS. LANE: Chairman Richard.

24 MR. RICHARDS: Thank you. Would somebody in
25 the back from the staff bring our Chair back in and

1 let --

2 MR. FELLEENZ: Vice-Chair Richards.

3 MR. RICHARDS: Yes.

4 MR. FELLEENZ: I did get a request.

5 Mr. Tudor is here, and I did get a request that he
6 wanted to say a few words, and I wanted to wait until
7 the board deliberated on this issue.

8 MR. RICHARDS: I don't believe that Chair
9 Richard would have to be out of the room for that.

10 MR. FELLEENZ: I don't believe he needs to be
11 out of the room.

12 MR. RICHARDS: I would like to have the
13 Chair in the room.

14 MR. HARTNETT: Well, maybe we don't want him
15 back here.

16 MR. RICHARDS: I actually did like it with
17 him not in the room.

18 MR. TUDOR: I'll wait for Chairman Richard
19 to be seated.

20 Having heard all the commentary about our MGM
21 issues and our financial issues, I'll be happy to share
22 those specifically and factually supported with
23 Mr. Morales and show that there are no questions of
24 either one of them were made at all. Our financial
25 issues, where we took a goodwill. Our net worth

1 still -- we're a public company. Our net worth still
2 exceeds a billion dollars. We continue to make money,
3 which is a matter of public record, and there is
4 certainly not a valid issue. Last but not least, I have
5 worked with certain of you on large projects and many of
6 you with Caltrans backgrounds both on the Richmond
7 Bridge, the I-80 project, and BART, the Alameda
8 Corridor. Our company has built many, if not more, of
9 the largest civil works in California. And despite the
10 comments to the contrary, if you speak to those owners
11 as opposed to certain owners, they'll tell you that we
12 always perform and we always deliver, and we do
13 everything within our power to meet the schedule and
14 budget.

15 I live in California. I'm born and raised in Los
16 Angeles, as is the Parsons Corporation our consulting
17 engineers, and Zachary, who is a great partner out of
18 Texas. I'm personally committed as this ardent venture,
19 to the success of this company of this -- excuse me --
20 very important project. This is not rhetoric. It's me
21 saying the truth. And as a result, even though we have
22 a very large organization of which I'm chairman, I still
23 meddle in all our big projects, and I will be involved
24 to ensure just that, that it is successful, and it's as
25 good as it could be. Thanks.

1 CHAIRMAN RICHARD: Thank you, Mr. Tudor.

2 Well, I thank my colleagues for working through
3 those issues this morning, and let us now move onto the
4 next item, which is Item 3, the proposal to amend the
5 MOU with San Joaquin Regional Rail Commission.

6 Mr. Tripousis, good morning.

7 MR. TRIPOUSIS: Good morning, Mr. Chair,
8 members thank you. Ben Tripousis, northern regional
9 director. As you are aware, as part of the Bay Area to
10 Central Valley program EIR/EIS, the Authority made a
11 commitment to pursue project development for
12 improvements in the Altamont Corridor. The San Joaquin
13 Regional Rail Commission, which operates the existing
14 Altamont Corridor express. The ACE service, has been a
15 regional partner to the Authority for this work since it
16 began in November 2008. The Authority is committed to
17 improving ACE service in the Altamont Corridor in order
18 to improve -- in order to provide, rather, a regional
19 connection between the northern San Joaquin Valley and
20 the Bay Area to complement the high-speed rail system,
21 which will use the Pacheco Pass route to San Francisco
22 via San Jose. The relationship between the Rail
23 Commission and the Authority was formalized in MOUs,
24 which were executed in May 2009 and in June 2011. The
25 Rail Commission is a critical partner with the

1 Authority, and the ACE system is an integral part of the
2 state-wide rail modernization program that will connect
3 regional and intercity rail to the high-speed rail
4 system.

5 In order to further solidify our partnership, a
6 new and updated agreement is now necessary to reflect
7 current policies -- excuse me -- defined in the 2012
8 business plan as set forth in the Authority's early
9 investment strategy for a blended system in northern
10 California. The amendment's second MOU would transfer
11 leadership on future work in the Altamont Corridor from
12 the Authority to the Rail Commission. The agreement
13 would transfer the Authority's Altamont Corridor Central
14 Valley to San Francisco Bay Area contract with ACOM for
15 EIR/EIS, engineering, planning, and other services to
16 the Rail Commission. The new agreement would authorize
17 the Rail Commission to utilize State funds to carry out
18 a five-year work plan for improvements to and extension
19 of the Altamont Corridor Express service. Both the
20 Authority and the Rail Commission have determined that
21 having the Rail Commission lead the work is appropriate
22 and will help ensure continued progress. It is
23 important to note that while resources expended on this
24 corridor will be focused on delivering near-term
25 incremental improvements to the ACE service, progress on

1 the Altamont Corridor will appropriately will aimed at
2 the successful future connection of the ACE service to
3 high-speed rail. This work will includes strategies for
4 completing the initial EIR/EIS work and planning that
5 will focus on improving and extending ACE service to
6 downtown Modesto and then to downtown Merced to meet the
7 Authority's initial northern perimeters by 2022. It
8 should be noted that the Rail Commission's ACE work plan
9 is consistent with and carries out a portion of
10 conductivity to the Altamont Corridor identified in the
11 Authority's revised 2012 business plan. As the MOU
12 describes, the Authority will initially make available
13 up to \$2 million from previously appropriated funding up
14 to the authorized limit of 36.4 million approved by the
15 legislature as future funds become available. Further,
16 the Rail Commission will also actively seek grants and
17 other funding from local, State, and Federal sources to
18 assist in the improvement and expansion of the ACE
19 service throughout the region.

20 Authority and Rail Commission representatives
21 have conducted numerous coordination meetings to outline
22 a future work plan, identify potential funding, and
23 prepare the transition of management leadership to the
24 Rail Commission for the Altamont Corridor.

25 I'd like to acknowledge Executive Director Stacey

1 Mortensen, and Dan Levitt, with the San Joaquin Regional
2 Rail Commission, our chief counsel, Tom Fellenz, and our
3 legislative director, Mat Robinson for their efforts in
4 brining this agreement to fruition. Authority staff is
5 recommending that the board authorize the CEO to execute
6 the amended second MOU on behalf of the Authority, and
7 I'd be happy to answer any questions.

8 CHAIRMAN RICHARD: All right. I do have
9 some, but first, I want to turn to my colleagues.

10 Any questions from colleagues?

11 Okay. I had a question and a suggestion. First,
12 the \$2 million that is referred to on the second page of
13 the memorandum that you just referred to, Mr. Tripousis,
14 I just want to be confident that that is inconclusive of
15 or within the, the total amount that was appropriated by
16 SB 1029.

17 MR. TRIPOUSIS: That is correct

18 CHAIRMAN RICHARD: So we're not talking
19 about transferring any dollars from High-Speed Rail
20 Authority to this project that has not already been
21 appropriated by the legislature.

22 MR. TRIPOUSIS: No, sir.

23 CHAIRMAN RICHARD: Second thing, colleagues,
24 I'd like to add -- I'd like to suggest the addition of
25 another clause to the resolution, and I think that it

1 will be apparent why, but I feel this is a very
2 important thing for us to do with partnership with the
3 San Joaquin Valley Joint Powers Board. This
4 organization helped support that coming into being. We
5 have the highest respect for Ms. Mortensen and her
6 leadership of ACE train, and Levitt helped get us to
7 where we are today when he was working here with the
8 Authority. So I have a lot of confidence with the
9 leadership of that group, and I also think, referring
10 back to what the board just went through here, the focus
11 of this board needs to be on the construction project
12 that we're about to embark on, because \$6 billion of the
13 construction is by no means trivial. So I think it
14 makes all kinds of sense to do it.

15 I would like to add and resolve further that the
16 agreement would be terminated on the occurrence of
17 either of the following conditions: The first would be
18 any loss of the currently appropriated funding, Federal
19 funding for the project, and the second would be if a
20 notice to proceed on Construction Package 1 does not
21 issue from this body then within some time period like
22 six months. My reasons for this are that if for some
23 reason, which I do not contemplate, our high-speed rail
24 project became delayed, then, at that point, I think
25 that it's no longer appropriate to be looking at

1 transferring this responsibility on this corridor or any
2 other. So I think that we have a shared fate here in
3 this state between high-speed rail and these other
4 systems, and this agreement ought to reflect that. So
5 that will be an amendment that I would propose to the
6 resolution with the approval of the rest of the board.

7 MR. RICHARDS: With that amendment, Mr.
8 Chair, I'd like a motion for approval.

9 MR. ROSSI: Second.

10 CHAIRMAN RICHARD: All right. Then would we
11 please call the roll.

12 MS. LANE: Vice-Chair Richards.

13 MR. RICHARDS: Yes.

14 MS. LANE: Vice-chair Hartnett.

15 MR. HARTNETT: Yes.

16 MS. LANE: MS. Schenk:

17 MS. SCHENK: Yes.

18 MS. LANE: Mr. Umberg.

19 MR. UMBERG: Yes.

20 MS. LANE: Mr. Rossi.

21 MR. ROSSI: Yes.

22 MS. LANE: Ms. Perez-Estolano.

23 MS. PEREZ-ESTOLANO: Yes.

24 MS. LANE: Chairman Richard.

25 CHAIRMAN RICHARD: Yes.

1 Thank you very much, and, Ms. Mortensen, thank
2 you. We look forward to working in partnership.

3 Our next item is Item 4, a policy to adopt an
4 unsolicited proposal policy.

5 Mr. Fellenz, before you start, let me just say
6 that I know one of my colleagues expressed this of you
7 this morning, and I share that I think this is a very
8 important thing that you're brining forward. I'm not
9 sure that some of us will be ready to take action on it
10 today, but I think it's important to start having
11 discussion so that we can get moving in the right
12 direction.

13 MR. FELLEENZ: Okay. Thank you.

14 We have a short PowerPoint just summarizing
15 what's in the memo.

16 CHAIRMAN RICHARD: Mr. Rossi wants to know,
17 "short" in the sense that I use the word, or "short" in
18 the sense that he uses it?

19 MR. ROSSI: You're okay, Tom. He doesn't
20 use the word.

21 MR. FELLEENZ: We think it's important that
22 this Authority adopt a proposal -- adopt a policy for
23 unsolicited proposals because we are receiving some of
24 those and there can be a great value to the Authority
25 because it's really a way for the private sector to try

1 to partnership with the Authority to try to combine
2 their assets, resources, and ideas to help us move
3 through the high-speed rail system together with the
4 private sector. And so I think it's important to have a
5 formal policy for a few reasons and that is to have
6 transparency and you have a rational process to move
7 through it so that the staff can manage it well. There
8 are other transportation agencies, Caltrans is one of
9 them in this state, that has worked in similar
10 unsolicited policy, but there's a number of other states
11 that I've listed here, Virginia, Indiana, and Texas.

12 What is an unsolicited proposal --

13 CHAIRMAN RICHARD: I'm sorry, Tom.

14 MR. HARTNETT: Mr. Chair, I apologize for
15 interrupting, but the report on this is very good and
16 clear in terms of the need and it appears that there may
17 be some questions -- indicated by your comment, there
18 might be some questions. I'd rather hear what the
19 questions are. That might help me think this through.
20 Just from the staff report, it seems like we need a
21 policy, but if there's some concerns or if someone
22 thinks it's premature, I'd like to hear about that. I
23 think staff did a good job on the written report.

24 CHAIRMAN RICHARD: Okay. If you're okay
25 with that, Mr. Fellenz.

1 MR. FELLEENZ: Yes, that's fine.

2 CHAIRMAN RICHARD: Mr. Perez-Estolano, I
3 know you had some thoughts on that.

4 MS. PEREZ-ESTOLANO: Thank you, and thank
5 you very much for the material. The questions I had was
6 that -- first of all, as I understand -- and again, I
7 have only been on the board a few months, so this may be
8 the first time that the board has reviewed policy around
9 a particular issue, and I'm not sure that we have
10 actually, clearly figure out how to adopt policies at
11 the board level, but for me, for example, I don't see
12 any budget associated with this particular issue, item.
13 And so it seems fairly open-ended, and while I have the
14 greatest deal of confidence in the team, in staff, I
15 just would like to have more detail in terms of the --
16 either a maximum for these particular proposals, the
17 nature -- I know that you have said, you know, it's for
18 research and further development, exploration, technical
19 inquiries, standard off-the-shelf products. This just
20 seems very open-ended to me.

21 So, you know, also, what would be the review
22 process? Would this go to Financial and Audit at our
23 committee level? So I don't understand the review
24 process. I don't understand -- if there was an urgency
25 to the matter, I would be happy to, kind of, go through

1 it, but I knew that there was some questions that I
2 didn't see in the staff report and wanted to make sure
3 that we were able to air them and then have us have a
4 good conversation about this policy.

5 MR. FELLEENZ: Okay. We're happy to take
6 some additional time, the staff is, to work directly
7 with the board members to contact them one-on-one and
8 invite them to come into our office or have a conference
9 call so we can go through additional definement for the
10 policy and what you would expect to see in that
11 presentation. That certainly works.

12 CHAIRMAN RICHARD: Okay. Mr. Rossi.

13 MR. ROSSI: I appreciate the questions, but
14 I think we have two different issues. The issue of the
15 policy seems fairly straight forward as Mr. Hartnett has
16 said. The issue of the execution may cost some
17 additional dollars, which could be dependent on which
18 software you buy or a number of many things, but my
19 preference would be that we deal with the policy,
20 because I don't see the policy changing. My preference
21 would be to deal with the policy and deal -- we need to
22 have a policy regardless. And how it's executed --
23 assuming it will be executed like all policies and it
24 will be the outcome of those -- all of those items,
25 which run through this policy, actually will be reviewed

1 by Audit and Finance.

2 CHAIRMAN RICHARD: Okay. Ms. Perez, did you
3 finish?

4 MS. PEREZ-ESTOLANO: I -- again, I would
5 prefer -- this is just my preference. I hear you
6 Mr. Rossi, but I would prefer to have a little bit more
7 information. I understand that, but to me, policy is
8 actually a big deal. If we make the policy and even
9 though it's clear, I resist having to go back and tweak
10 it if we made a mistake because there was just
11 information that was necessary or unavailable at the
12 time. So for me, the focus is -- the biggest issue was
13 certainly getting through some of the early agenda
14 items, but for me, it's also important to ensure that as
15 a longstanding term policy for the Authority that is
16 over the life term of what we're doing that we actually
17 have a deliberative process on that and that's what I
18 feel is -- one is having a conversation, asking the
19 questions, ensuring that we have enough time to have
20 staff come back to us. I understand -- and then that's
21 the question of urgency. If there's urgency in the
22 matter, I'll defer, but for me, I'm simply uncomfortable
23 with putting policy up front as a first item agenda that
24 we don't -- that we have never heard before and I have
25 never heard before.

1 CHAIRMAN RICHARD: How do you want to
2 proceed to get the information that you need to feel
3 comfortable on this?

4 MS. PEREZ-ESTOLANO: We just -- for example,
5 just the process we went through, there was enough time
6 to be able to go through a very, you know, extensive
7 conversation with staff before we can -- it allowed us
8 to be able to dig into the weeds a little bit, which I
9 don't think this did and, again, because this is -- I
10 believe this is the first time this has come to the
11 board. Has this been brought to the Finance and Audit
12 Committee or any -- we don't have any committees, I
13 understand, but has this been brought forward before, or
14 is this the first time?

15 CHAIRMAN RICHARD: Well, my understanding is
16 that staff brought this forward today for the first
17 time, because we're now at the point where -- having
18 moved into the first construction phase, we have people
19 starting to come to us and say that they have ideas, and
20 so I think staff is trying to find an organized way to
21 address those but if I could -- if I could offer this to
22 see if it's constructive, I don't think we'll be
23 adopting this today, but as I understand what happened
24 in the item before us, which you correctly cite as a
25 case where the board was very deliberative in what it

1 did, there were some individual discussions between
2 board members and staff that allowed them to get deeply
3 into the issues, and then as was appropriate, they were
4 brought forward in this meeting so that the public could
5 hear what those questions and concerns were. Is it
6 just -- it seems to me that -- an opportunity for you to
7 sit down with staff and kind of go through that and then
8 we can bring it back to the board at some point. You
9 can raise publically, among us, the kinds of issues and
10 concerns that you have and constructive ideas, and then
11 we could deliberate on the policy at that point. But I
12 think it probably starts with a deeper dive with the
13 staff on the individual basis, if that makes sense, but
14 I'm not trying to --

15 MS. PEREZ-ESTOLANO: No. I'm happy to do
16 that. It was just that the board should be given as
17 much clarification on policy where the board is provided
18 policy and direction that we're very clear about that,
19 and I'm not uncomfortable with the open-ended nature of
20 it, and I would like to make sure, again, that there are
21 protections in place that the board -- where does the
22 unsolicited proposals go in terms of the board
23 reviewing? Those are the kinds of -- just, you know,
24 transparency that I'm looking for.

25 CHAIRMAN RICHARD: Okay. Let me just go in

1 order if I could. Mr. Umberg was waiting and then Ms.
2 Schenk.

3 MR. UMBERG: Just a quick question. So if I
4 understand this correctly, this unsolicited proposal,
5 someone says, "I have a unique solution for a particular
6 challenge that we're facing." Somebody asses that and
7 says, "That's interesting. We got to put this out for a
8 competitive bid." However the initial suggester of that
9 solution has no competitive advantage; is that right? I
10 suppose they have a competitive advantage because they
11 thought of it first, but in the competitive process,
12 they're not given any extra points, any extra value
13 because of they came up with it; is that accurate?

14 MR. FELLEENZ: That's correct. In fact,
15 there's a public -- it's either a public contractor or
16 government code that prohibits the public entity from
17 writing a specification around a product, meaning
18 specifying that product as a sole source. So, so it's
19 true that they may -- they may believe they have a
20 competitive advantage, which is why they're making the
21 proposal, but we would turn it into a competitive
22 process and the market --

23 MR. UMBERG: What's the lowest threshold for
24 sole source contract?

25 MR. FELLEENZ: Well --

1 MR. UMBERG: In other words --

2 MR. FELLEENZ: There are certain --
3 everything is competitively bid for consulting services
4 except there are a few hardline exceptions. So for
5 instance, for legal advice.

6 MR. UMBERG: There must be some threshold.
7 We don't actually competitive bid -- but anyway.

8 MR. FELLEENZ: Yeah. There's --

9 MR. UMBERG: Okay. So irrespective of
10 whomever proposes this idea, goes out to competitive
11 bids, we're protected from some sort of -- I suppose
12 nefarious proposal, right?

13 MR. FELLEENZ: Yes. We would have analyzed
14 it to see if it's of value to us. We put together the
15 request for proposal, the request for qualification,
16 whatever is appropriate, and we put all that together.
17 The Department of General Service would review it. So
18 it would be very similar to any other type of
19 procurements that the State would meet.

20 CHAIRMAN RICHARD: Ms. Schenk.

21 MS. SCHENK: Yeah. Since we have at least
22 one member who would like more information and since
23 there doesn't seem to be urgency of any kind, I mean,
24 there's nothing pending on which we have to make a
25 decision at this point, I would suggest that we do send

1 it back to staff for a deeper dive to allow those
2 members who wish to get more information to be able to
3 do so.

4 MR. FELLEENZ: Sure. Happy to do it.

5 CHAIRMAN RICHARD: Mr. Morales.

6 MR. MORALES: Assuming anyone can hear me, I
7 just wanted to provide a small clarification. Right
8 now, in response to Mr. Umberg's question, we do not
9 have a mechanism for considering an unsolicited
10 proposal, and that's true of most agencies. So if
11 someone comes in with an idea, it could be -- we have
12 had suggestions at board meetings about a maintenance
13 facility. There's no mechanism to look at that proposal
14 and consider it, and then, ultimately, put it out to
15 competitive bid. What we're talking about here is just
16 developing a mechanism that would allow for the
17 consideration of those and also, frankly, encourage
18 people to come in but in a reasoned way that gives them
19 protection that they don't submit something that's
20 proprietary that we can't protect and also lets us
21 assess the ideas as well. So what we're talking about
22 here is just a mechanism for being able to consider
23 those, and we can certainly flush out the details. I
24 just -- we're not talking about any authority to
25 actually improve anything.

1 CHAIRMAN RICHARD: Okay. So since this is
2 going to come back, let me just ask if we could then
3 direct suggestions or thoughts to staff about things
4 that we'd like them to consider. I'm not trying to
5 limit your range of comments in any way, Mr. Rossi, but
6 I just want to be constructive.

7 MR. ROSSI: Well, we're in the process of
8 trying to build a railroad. You know, what Jeff just
9 said is really important. We can do -- and I'm happy to
10 do a deep dive on anything -- but the problem is, in the
11 process of doing a deep dive --

12 WOMAN IN AUDIENCE: Are we whispering or
13 what?

14 MR. ROSSI: In the process of doing a deep
15 dive, we miss a good idea, shame on us. This is an
16 ability -- this gives us the ability to look at these
17 things, and if we need a deep dive to figure out how all
18 these particular pieces fall together, which I find
19 terribly difficult to figure out, but it's okay. At the
20 end of the day, as we're moving forward, we have to be
21 very careful. If we get a good idea, it's unsolicited,
22 if I understand what Tom just said and I understood what
23 I read, we can't do anything with it. And so we're
24 going to wait for our next board meeting or the board
25 meeting after that or the board meeting after that. I

1 think we would be better off in adopting a policy as it
2 sits, and if there needs tweaking, policies get tweaked
3 all the time. And so -- but I'm happy to go whichever
4 way this board wants. I'm just saying, it seems to me
5 that in truly moving forward -- and we're doing all this
6 stuff, and we're going to start getting more and more
7 ideas, we don't have a mechanism to deal with them.

8 CHAIRMAN RICHARD: Well, I --

9 MR. RICHARDS: Mr. Chairman.

10 CHAIRMAN RICHARD: Mr. Richards.

11 MR. RICHARDS: Thank you. As I read through
12 the item, I mean, when I got to number four hundred
13 procurement, that was the major issue for me. I mean,
14 when it's a competitive procurement, I don't want to say
15 the rest of it's benign by any means, but I mean, that
16 was key. I was just concerned if somebody brought in an
17 unsolicited proposal, if it meant that we are obligated
18 to deal with that proposer, assuming that we accepted
19 it, the fact that it's an unsolicited proposal and is a
20 competitive procurement, it removed the concern that I
21 had. That being stated, I'm certainly not in opposition
22 to supporting a board member or members needing some
23 more information before he or she is comfortable in
24 making the vote, but I think that's the key to this.
25 It's still a competitive procurement. That's the issue.

1 CHAIRMAN RICHARD: Okay. If I might, I'd
2 just like to make a couple of comments at this point and
3 then go back to others so we can try to move through
4 this, but I just have two levels of comments. The first
5 is that with respect to the mechanisms here, there are a
6 couple of things that I would want to make sure that we
7 are thinking about and are understanding. So for
8 example, if a proposal comes in and it goes and the
9 staff decides that it's not meritorious, with all due
10 respect to the staff, at some point, I would want to
11 make sure that there's some reporting mechanism back to
12 the board either through Finance and Audit or to the
13 board itself.

14 MR. ROSSI: It would come to the board.

15 CHAIRMAN RICHARD: Well, no, not if the
16 staff decided that it wasn't even meritorious enough to
17 bring --

18 MR. ROSSI: Well, we're going to look at
19 this as well.

20 CHAIRMAN RICHARD: Well, that's not here.
21 That's what I'm saying is that -- all I'm saying is
22 that --

23 MR. ROSSI: No, but that would be in Audit
24 and Finance policy not this policy.

25 CHAIRMAN RICHARD: Well, that's fine. But

1 for purposes of the board adopting this, what Mr. Rossi
2 was just saying is that it would be a policy of the
3 Finance and Audit Committee but I think this gets to the
4 point that I'd like -- first of all, I second the
5 comments that this is very important for us to do, and I
6 mean, we have already got people coming to us, I think,
7 as they see now that this project is moving forward,
8 saying, "Okay. If you're moving forward with this,
9 we've got ideas on what you can be doing," whether it's
10 to get to Palmdale or to get to LA or to do some other
11 things, and as Mr. Rossi said, we want to encourage
12 that. So I want to make sure that that happens.

13 The only other point that I wanted to make is
14 that I'd like the policy to be brought enough so that it
15 embraces not just unsolicited proposals but recognizing
16 what Mr. Umberg pointed out, Mr. Richards also said, you
17 know, that people are going to have an expectation that
18 they have to go through a competitive process. Some
19 people may come to us and say, "I'm not going to solicit
20 a proposal, but I think the market is ready to do X. I
21 think you guys should put out a Request For Expression
22 of Interest, an RFEI. And I think if you did, you'd
23 find that there's, you know, a lot of responsiveness
24 from the community." So I think it's under the same
25 umbrella as an unsolicited proposal. It's not a

1 proposal per se. It's a proposal that we start a
2 process and so it doesn't -- to me, it doesn't need a
3 lot of tuning up, but I would just say that at this
4 point, I want to make sure that people can come in and
5 talk to the staff about this and get a sense of how
6 receptive they'd be. I'd like to make sure that we have
7 the sufficient oversight so that even rejected proposals
8 get re-sorted so that this board knows that, because we
9 might have a different view, and I'd like to make sure
10 that we're not limiting ourselves in terms of range of
11 ideas about how we can go forward with these unsolicited
12 proposals, RFEIs, whatever. So those were my thoughts.

13 Mr. Hartnett.

14 MR. HARTNETT: Two things. One is I hoped
15 even without benefit of any policy existing that if
16 there have been unsolicited ideas that have already come
17 in that are within the scope of what we're doing and
18 trying to accomplish that this staff has -- that it can
19 be benefitting by those -- whether it's going out to
20 hire somebody for further advice. You know, that's kind
21 of, to me, the first cut is does somebody, you know, who
22 knows what we're doing, come in with something and say,
23 "Hey, I think you ought to be doing this," and if that
24 causes somebody to think about it, that's great. We
25 don't need a policy for that. If it's something where

1 it's going to require us to do something that we're not
2 doing now, and, you know, we have to hire somebody or we
3 have to buy something, that's different. I don't want
4 to have a bureaucratic process where every letter or
5 email is logged and we have to prove that we rejected
6 some idea. I mean, I want to be very careful about
7 that. I don't think that's what we're, you know,
8 intending, and so I don't want a ten-page Rules and
9 Regulations related to how we do this. I mean, I just
10 want staff to be encouraged to consider things that come
11 in that might benefit us and have some protection so
12 that they don't -- you know, somebody doesn't beat them
13 up later for rejecting their idea when -- you know, I
14 don't want the Finance and Audit Committee to hear
15 everything that comes in honestly. I think we're the
16 board. I just want some common sense to it and for big
17 things that are important to us have some formal process
18 that protects the staff, protects the Authority and lays
19 out some expectations.

20 And I think the comment about the budgetary side
21 of things and how -- I don't think that's necessarily
22 specific to this. We have talked in the past about --
23 we'll get staff reports with recommendations, how we
24 like to have the information presented, and I know in
25 some bodies anything may come with a lock that says

1 "budgetary consequences" and, you know, half the time,
2 it's none. Or -- you know, but it's -- you know, it's
3 just a consideration so that the board knows is there an
4 extra cost to this or is it without, you know, given a
5 line item budget on it. That's often the case in other
6 organizations. So I'm happy to deal with it next
7 meeting and make sure the staff just acts with common
8 sense.

9 CHAIRMAN RICHARD: Ms. Perez-Estolano.

10 MS. PEREZ-ESTOLANO: I just want to offer
11 that it's not my interest to kind of either dampen the
12 innovativeness and the creativeness that this team has.
13 I have just spent two days in Sacramento with the
14 high-speed rail team. I have been phenomenally
15 impressed with the caliber and commitment that our team
16 has, and if you're at High-Speed Rail
17 Authority, you're there because you want to do
18 interesting and dynamic things. So I don't want to sit
19 on top of any of the creativity.

20 What I want to do is, we are the Finance and
21 Audit Committee. We are all the committees. This board
22 is, and that's my opinion. That's what I view. So I
23 don't actually -- if we adopt policy for the Authority,
24 it is policy that governs the actions of this whole
25 agency, and so, for me, coming from my perspective and

1 working with local governments, I very much want to
2 ensure, again, that we put policy in place that is
3 protected, that we are protected as, as people who are
4 appointed by government offices and officers, that we
5 actually have protections. Because if something -- if
6 something doesn't go well -- and it sometimes does -- I
7 want to ensure that we have safeguards, and I want to
8 ensure that at some point, things were signed off and it
9 was fine. I'm not saying we have to inventory
10 everything that the Authority does because we have
11 common sense in the team that, Jeff, you have assembled.
12 What I am saying is that I'm -- we just signed a really
13 big contract. We have lots of big contracts we're going
14 to be signing. If we are in the business of, you know,
15 letting all kinds of things happen, I just want to have
16 someplace where that's reported for our protection and
17 for the protection of the public and for the taxpayers
18 of the State. I'm just sensitive to that, and I feel
19 like if we don't ensure some oversight and -- it's just
20 not here. It's just not written here.

21 So there is a competitive process, and I felt
22 better, like you Mr. Richards, I felt much better, but,
23 again, in the future, I just want to ensure that if
24 there is -- if there isn't a mechanism for some way that
25 we can say, "Yes, we knew about that. Yes, we know that

1 those studies have been going on. That research is
2 being undertaken. We know those things." We don't have
3 to read everything. We don't have to read everything,
4 but I want to ensure, as a person on this body, that I
5 feel like -- if -- that I have that material available
6 to me.

7 CHAIRMAN RICHARD: Okay. So I'd like to
8 just propose, at this point, that what we do is that we
9 ask the staff to bring this back at the next meeting
10 that in the meantime, Ms. Perez-Estolano and others who
11 have ideas and thoughts and questions should interact
12 with the staff. I think the things that I'm hearing
13 today are it's very important that we move quickly with
14 a proposal -- with a policy for unsolicited proposals.
15 That it's very important that that be comprehensive
16 enough to be protective of the public interest so that
17 when ideas come out, it's clear how the board is dealing
18 with those and yet balancing that with not creating
19 something that's so overly bureaucratic that it, in
20 fact, works against us.

21 One thing that I would ask today, because I know
22 that members of the public, people in the transportation
23 community are watching this, I'm not hearing from any
24 board member that there's anything other than support
25 for the notion of being open to unsolicited proposals

1 and other ideas. I think that's been stated very
2 clearly by this board. So in respect for what Mr. Rossi
3 said, start bringing your ideas. We will continue to
4 work on this over the next little bit, but I think that
5 anybody who is following today would hear that this
6 board wants to be open to these, we want do it in a
7 disciplined and discreet way and so that everybody's
8 protected including the people who bring the ideas
9 forward.

10 So if that's acceptable to the board, we can move
11 forward in that vein. I think the board has expressed
12 through its comments and questions today, its support
13 for this idea, and we need now to make sure that it's
14 refined and honed in a way that the things set up.

15 So thank you very much for your work on that,
16 Mr. Fellenz.

17 Before we go any further, I believe I see State
18 Senator Cathleen Galgiani, and I just wanted to
19 recognize her. And I think -- for those who don't
20 know -- Senator Galgiani was the author of what was then
21 Assembly Bill 3034, which was the mechanism that put
22 Proposition 1-A on the ballot, and so we always welcome
23 you to our proceedings.

24 The Mother of High-Speed Rail just declared that
25 you're the "Godmother of High-Speed Rail," and I just

1 want to say, as a guy, we're only allowing these
2 analogies to go so far.

3 All right. The next item is -- and thank you
4 very much for that, staff. The next item is a status
5 report on the northern California rail partners MOU.

6 Mr. Tripousis, I think you understand where the
7 clock is.

8 MR. TRIPOUSIS: I do. I'll speak very
9 quickly, Mr. Chair, and you'll be happy to note that
10 this is just an information item, so strictly for the
11 board's information. Under the direction of the 2012
12 business plan Senate Bill 1029, the Authority is
13 committed to facilitating the delivering of regional
14 rail improvements throughout the state as a critical
15 component of our high-speed rail program. The Authority
16 is partnered with a host of regional rail agencies to
17 advance this goal and to ensure that the high-speed rail
18 system is a component of an improved and integrated
19 statewide rail network.

20 In northern California, these agencies include
21 the State Department of Transportation, Caltrans
22 Division of Rail, the Capital Corridor Joint Powers
23 Authority, Sacramento Regional Transit, the San Joaquin
24 Regional Rail Commission, as well as the Union Pacific
25 Northern Santa Fe Rail Road. The Authority recognizes

1 the need for collaborative efforts with the region and
2 State agencies to identify early investment projects
3 along the existing rail corridor to increase speed,
4 improve safety and efficiency and create seamless,
5 coordinated linkages between high-speed rail and
6 intercity, regional, and local passenger rail service.
7 The participating agencies recognize the need for a
8 collaborative effort with freight railroads to provide
9 for increased passenger service.

10 The 2012 business plan prioritizes the initial
11 operating section in the Central Valley to close the
12 passenger rail gap between northern and southern
13 California. The bill out of the IOS will create an
14 increased passenger demand to and from the northern
15 perimeters of high-speed rail, and the participating
16 agencies are involved in the planning, funding,
17 construction, and operation of conventional passenger
18 rail and light rail services between the IOS and the
19 major metropolitan areas in northern California and have
20 been working with the Authority on a northern California
21 unified rail service to feed into the High-Speed Rail
22 system.

23 The Authority Chief Executive Officer, consistent
24 with a board policy, has developed and has circulated
25 for signature the attached comprehensive Memorandum of

1 Understanding to guide participation in the
2 collaborative development of technical study, sharing
3 the technical information, and regional outreach,
4 coordination of passenger rail corridors between the
5 Central Valley, Sacramento, and the Bay Area. There are
6 a whole host of goals that the northern California
7 regional partners share and work on, on a regular basis.
8 I won't go into great details. They're expressed in
9 your memo, but the punch line here, if you will, is that
10 communicating and coordinating with southern California,
11 with the Metropolitan Transportation Commission,
12 Caltrain MOU stakeholders to ensure continuity for the
13 traveling public when moving through the bookends of the
14 California unified rail service network is an important
15 element of the ongoing work that the northern California
16 partners do or work on.

17 I'd like to acknowledge the efforts of some of
18 the members that are here. Executive Director, David
19 Kutrosky of the Capitol Corridor Joint Powers Authority,
20 Stacey Mortensen, who you met earlier, with the San
21 Joaquin Rail, Caltran division of rail director, Bill
22 Bronte, and Sacramento regional transit general manager,
23 Mike Wylie for their efforts in moving the northern
24 unified partnership efforts forward.

25 Several representatives of the partners are here.

1 I'm happy to answer any questions

2 CHAIRMAN RICHARD: Thank you, Mr. Tripousis.

3 Any questions? I think we said it earlier when
4 we talked about the earlier item, but I feel that
5 there's great potential in the work that we do with this
6 group, the San Joaquin Valley, and look forward to
7 working together.

8 Okay. Thank you, Mr. Tripousis.

9 Before we go into closed session, two things.
10 One, I'd like to appoint a personal privilege, express
11 my appreciation to Diana Gomez and staff that she
12 assembled for meetings that we had in Kings County on
13 Tuesday of this week. I think for the first time I felt
14 as though we were able to provide information that the
15 county has been looking for on a very detailed level.
16 Ms. Gomez did an excellent job, and I get really tired
17 of all this praise you get, Diana, but she does an
18 excellent job running up and down. She started her day
19 in Merced, having to go north from Fresno and turn
20 around and blast down to pick me up in Visalia.
21 Fortunately for her, I was running late. So anyway, it
22 was a great job, and actually, I think that we had a
23 very productive day in an area that is quite challenging
24 for us in Kings County, and so at least I think we had a
25 much better dialogue. Ms. Gomez and staff, people who

1 were there deserve that. So I wanted to recognize staff
2 and our PMT, Mr. Morales, thank them for that.

3 I have been asked about schedules for future
4 meetings. As of right now, I think the operating idea
5 was that we would probably not meet in July but meet, as
6 scheduled, in August. I think we need to look at the
7 schedule in September because the hearing date may
8 coincide with holidays. So I'll ask the staff to look
9 at that, but before we leave, while we're here in
10 session, do people have concerns with that type of
11 approach, or if they do, we can talk about them, but I,
12 at least, wanted to be clear, because there has been a
13 lot of just going back and forth on that.

14 MR. UMBERG: Let me just suggest that before
15 we leave, we figure out September while we're all
16 together.

17 CHAIRMAN RICHARD: Okay. Right. We will,
18 and, Mr. Tripousis, we'll ask you to help us with the
19 September calendar.

20 All right. At this point, the board will enter
21 into closed session to discuss the matters pertaining to
22 litigation as set forth in the agenda. We will report
23 back on any actions after that. We'll be in recess.

24

25 (Whereupon the board entered into closed session.)

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CHAIRMAN RICHARD: All right. The
High-Speed Rail meeting closed session has concluded.
We have nothing to report, and with that, this meeting
is adjourned.

(Whereupon the meeting adjourned at 1:35 p.m.)

--o0o--

1 I, Brittany Flores, a Certified Shorthand Reporter of
2 the State of California, duly authorized to administer
3 oaths, do hereby certify:

4 That the foregoing proceedings were taken before me
5 at the time and place herein set forth; that any
6 witnesses in the foregoing proceedings, prior to
7 testifying, were duly sworn; that a record of the
8 proceedings was made by me using machine shorthand which
9 was thereafter transcribed under my direction; that the
10 foregoing transcript is a true record of the testimony
11 given.

12 Further, that if the foregoing pertains to the
13 original transcript of a deposition in a Federal Case,
14 before completion of the proceedings, review of the
15 transcript () was () was not requested.

16 I further certify I am neither financially interested
17 in the action nor a relative or employee of any attorney
18 of party to this action.

19 IN WITNESS WHEREOF, I have this date subscribed my
20 name.

21
22 Dated:

23
24 _____

25 Brittany Flores CSR 13460